

Welsh miners spearhead a nationwide strike

South Wales miners go on strike today, aiming to spread the dispute to the rest of their industry and beyond and presenting the Government with its most serious challenge from the unions. Pitmen in Scotland and Kent said they would strike on Monday in protest against the coal board's plan to close Welsh collieries in several areas.

Government faces its toughest challenge

Paul Routledge

The Government today faces its most critical challenge from a trade union since taking office when the South Wales miners go on strike and seek to read disruption to the rest of a coalmining industry, and young Mr. Emyr Williams, president of the national Union of Mineworkers (NUM), said yesterday: "I hope that every other industry will join us in a strike."

Pickets from the strikebound Welsh pits are expected to travel to other militant collieries in an effort to intensify a revolt against National Coal Board plans to close collieries and make miners redundant. Miners in Scotland and Kent yesterday signalled their intention to strike from next Monday, the day that Mr. David Howell, Secretary of State for Energy, and other ministers and leaders of the mining industry and the coal board for its on the future of the coal industry.

The Government is putting together an emergency package of social measures designed to ease the board's closure programme through improved redundancy pay and early retirement schemes. But Mr. Gormley, moderate leader of the NUM, insisted last night that such a solution to the crisis was "not on."

He said: "If they think they can buy us off, they have got it wrong. They are not on. It is a long-term formula to use the future of the industry, not just something to get rid of men." The coal board yesterday turned its local meetings to a local NUM officials and announced the impending closure of two more collieries. It are the 83-year-old Newarth Colliery at Bedworth, Warwickshire, which is to be closed by the end of June with loss of 750 jobs; and 200 Colliery in Burnley, Lancashire, employing 480 men, which is to be closed because of "geological difficulties". By contrast, union leaders in traditionally militant north Yorkshire area would be expected to increase production by 100,000 tonnes a year to 3,300,000 tonnes. Area NUM delegates met today in Chesterfield to decide what support they should give to striking miners in other fields.

Pitmen in the productive and profitable south Nottinghamshire area are to begin their future today, and apart from the accepted closure of Newthorpe Colliery, no further closure is expected. But when the Scottish miners meet coal board management in Edinburgh tomorrow, the closure of two or three pits will be announced. Pithead meetings in Scotland are to begin on Friday, the day after the NUM national executive meets to hear the opinions of regional talks with the coal board and decide whether to recommend a national strike in a secret ballot of the men.

Mr. Michael McGahey, Scottish miners' president, said yesterday that if there was a strike by miners with steel and rail workers and other trade unionists in support, "it would be a battle in which the dimensions of the strikes of 1972 and 1974 would fade into insignificance."

Scottish miners would support every strike threatened with closure because there was only one coalfield, the British coalfield. An attack on Durham miners was an attack on Scottish miners. The pattern of closures emerging so far shows a concentration in the militant coalfields that might be expected to go on unofficial strike ahead of any decision by the national executive.

But the moderate areas, including some heavy loss-makers, have emerged relatively unscathed, and left-wing strategists believe that, as a carefully calculated move, the part of the board to disarm the moderates to that a pithead ballot would reject official strike action.

Mr. Gormley last night appealed in vain to the Welsh miners to hold their fire for the sake of unity in the NUM. Pointing out that a 55 per cent majority was required under union rules to call an all-out stoppage, he said: "There are many people in the country today, even members of the union, who have the ability to go to law to make sure the union does not take action if it is against the rules."

He argued that to prevent a national strike, the Government would have to accept that coal imports had to stop and that British coal should be subsidised. Moderates angered and fight for survival, page 2

Pit closures, page 12

Budget refund from European Community lifts balance of payments current account excess to its highest level Slump in imports brings record UK trade surplus of £757m last month

By Frances Williams

Britain had a record trade surplus of £757m in January, as the economic recession brought a slump in imports. The surplus on the balance of payments current account, including invisibles, also soared to the highest level of £957m, boosted by budget refunds from the European Community.

The huge trade surplus, which is double that in December and nearly £200m greater than the previous highest in October last year, is almost entirely the result of a slump of 11 per cent in the volume of imports, notably of basic materials for industry. Export volume also fell by nearly 3 per cent, but in value terms remained steady over the month.

Last November, the Treasury was predicting a surplus on the balance of payments current account of £2,000m in 1981, the same as in 1980. The relative strength of exports in recent months has confounded predictions that worsening competitiveness, caused by higher domestic costs and the higher sterling exchange rate, would price exports out of foreign markets. Despite an 11 per cent rise in relative export prices over the last year, the volume of United Kingdom exports has been broadly steady over the last six months or so after falling in the first half of 1980.

This level of exports, though continuing longer than most economists predicted, is unlikely to be maintained. World markets for British goods are growing more slowly than last year, and competitiveness is continuing to deteriorate. Most forecasters are expecting exports to decline by between 2 per cent and 6 per cent in 1981, with the Treasury putting the figure at 3 per cent, taking into account rising exports of oil in the coming year.

The surplus on oil trading in January was a special factor, with £210m. Exports were up by 17 per cent on the month, and imports were down by about the same amount. Though the imports figure is abnormally low the increased exports mark a continuing upward trend, and the trading surplus is expected to go on rising throughout the year.

The depressed state of British industry, which is now producing no more than it was in 1980, is the main cause of the remarkable plunge in import volumes. Last month imports began to fall away sharply in the first half of last year and the trend has been steadily downwards, though erratic from month to month.

But the size of last month's fall, with no special factors to explain it, must be considered fresh. Though the volume of imports in January fell across the board (with the notable exception of cars), the most severe falls were in basic materials (by 25 per cent), fuels, food, drink and tobacco, and chemicals.

Over the past three months to January, however, imports of food, drink and tobacco were steady and chemicals were up on the previous three months, while imports of cars fell 17 per cent.

Capital and intermediate goods have suffered greater falls than consumer goods over the past few months. The pattern of imports thus almost exactly mirrors the pattern of the present recession. Consumer spending has remained fairly steady in spite of rising unemployment as pay rises last year outstripped inflation. But heavy destock-

ing by retailers and manufacturers, hit by high interest rates which make stocks expensive to finance, has led to rapidly falling production by domestic industry. The slump in manufacturing output last year was one of the steepest this century.

The surplus on invisibles trade, such as financial services and tourism, is projected at £200m, a month in the current quarter, £100m higher than in the previous quarter. This reflects the fact that a budget refund of about £600m is due to be repaid to the United Kingdom by the European Community in the first half of 1981, before the end of the financial year.

Retail sales up, page 17
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Explosion at stadium before visit by Pope

Karachi, Feb 16—A man carrying explosives into a stadium where the Pope was to celebrate Mass was killed today when the device went off, senior Pakistani police officials said.

The explosion occurred about 20 minutes before the Pope, starting his first visit to Asia, was due to arrive at the stadium from Karachi airport. A government statement later said three "suspicious characters" had tried to enter the stadium and were checked by security staff. "In the scuffle that followed a crude homemade device carried by one of the persons went off wounding three people, including a police officer on duty." The man carrying the device died instantly.

Mr. Paul Rappaport, public affairs officer of the United States Consulate in Karachi, said the explosion caused some panic among the crowd of 70,000. "Officials tried to calm the crowd by saying it was a transformer or a piece of television equipment that had caused the explosion, but it was not," he said.

Later it learnt that if the programme of the religious ceremony had not been put back 15 minutes due to a delay in the arrival of the Pope's aircraft, the explosion could have caused many more injuries in the seats reserved for diplomats where the bomb had been placed. It took place about 40 minutes before the Pope arrived and was thought unlikely that the Pope would have been injured if he had been in the stadium.

The Pope, who urged greater dialogue between Muslims and Christians, celebrated Mass at the stadium and later left for the Philippines without being held of the incident. The Pope's tour of the Far East is the most ambitious journey he has so far undertaken (Peter Nichols writes from Rome). He will cover about 20,500 miles with principal stops in the Philippines and Japan. The journey will last 12 days.

He will also stop briefly in Guam and Anchorage. He will stay five days in the Philippines and three and a half in Japan where he will visit both Nagasaki and Hiroshima.

Manila prepares, page 6
Leading article, page 13



Photograph by Brian Harris

Ministerial embrace: Lord Soames, the Governor who handed over Zimbabwe to independence, greets Mr. Enos Nkala, the Minister of Finance, at the opening of his country's new High Commission at Zimbabwe House in the Strand yesterday. Dr. Wines Mangwende, the Foreign Minister, witnessed the building that had stood empty as Rhodesia House during the 15 years of the colony's rebellion. Mr. Eddison Zvobgo, the Patriotic Front spokesman at the

Lancaster House conference and now Minister of Local Government and Housing, used the occasion to play down reports of fighting among former guerrilla forces that has left perhaps 250 dead in the past week. Dr. Mangwende said the British press gave a distorted picture of life in Zimbabwe. "The situation is not as bad as it is painted," he said. "We have achieved what many Governments have failed to achieve in 20 years—peace." (Report, page 6.)

Zimbabwe guerrillas finally lay down arms after Nkomo plea

From Nicholas Ashford

Salisbury, Feb 16

The tension in Bulawayo was defused by Mr. Joshua Nkomo today, when he persuaded the guerrilla wing of his Patriotic Front Party, to lay down their arms in Bulawayo township.

Until this morning, the Zipsa guerrillas had refused to move from their camp even though the rival Zanku forces had pulled out yesterday.

At about the same time that Mr. Nkomo was ending the flare-up of tribal violence, the Zipsa guerrillas, who represent the former Zipsa and Zanku armies as well as the former Rhodesian security forces, met in Salisbury to consider the future of the new national army.

At the time, the commanders and ultimately the government have to decide if it is whether to continue with the present sausage-machine approach devised by the British military mission for fusing former Zanku and Zipsa guerrillas into the new army.

At present equal numbers of Zanku and Zipsa men are being brought together to form the integrated battalions. So far 12,000 men have been formed into 12 battalions. It is planned to establish three new battalions each month between now and August so that by the time the process is complete the new army will contain about 33,000 former guerrillas.

During last week's fighting the insurrection spread to three of these new battalions: Number 1/3 Battalion based at Bulawayo, Number 1/2 Battalion at Ntshabanda to the east of Bulawayo, and the 4/1 Battalion at Comemara near the Midlands town of Que Que.

The battalion at Ntshabanda was considered a show-piece of the new army. Critics of the present integration process argue that it has been too rushed and that political passions should be allowed to cool down before attempts are made to bring together the two rival groups. It is also

argued that all the guerrillas should be disbanded before they join integrated units.

Against this is the view that the integration process survived last week's unrest remarkably well. Only three of the twelve new battalions were affected by the unrest, and three further battalions in the process of being formed—two of them within the vicinity of Bulawayo—were unaffected.

The final decision on the army's future will be taken by Mr. Robert Mugabe, the Prime Minister who is also Minister of Defence, and Mr. Emmerson Mnangagwa, his recently promoted security chief.

Mr. Nkomo, who retained a defence advisory role after last month's Cabinet reshuffle, is also likely to be included in the negotiations, particularly after the crucial role he played today in the embattled Bulawayo township, where, after speaking to Zipsa leaders, he appealed to the guerrillas to leave in order to avoid endangering civilian life.

Social democracy a threat to Tories, Mrs Williams says

By Fred Emery

Political Editor

The emergence of the social democrats has put the Prime Minister in "dead trouble", Mrs Shirley Williams claimed last night, because "Mrs Thatcher was relying heavily on being able to present the Labour Party as an extremist and a Marxist party."

She went on: "She knows that if she cannot present her opponents in that way she is in dead trouble." Now she "has very little going for her" in the next election except North Sea oil and "it would be utterly irresponsible for her Government to use it for the purposes of buying its way back to an election victory."

Chattering in the newly opened offices of the Council for Social Democracy, which has been founded as the forerunner of a new party by herself and the rest of Labour's "gang of four", Mrs Williams was obviously delighted to be under attack from Mrs Thatcher as well as the Labour leadership.

Questioned on the Prime Minister's implication in her speech last Saturday that the social democrats were a slower "poison" than Mr. Wedgwood Benn's socialists, Mrs Williams

"The politics of her government are better at manufacturing extremists than any other force in British politics today. Despair, breed, extremism. With unemployment and bankruptcy all about," her govern-

ment, it seems to me, is creating extremists by the day." Further, every social democratic government in Europe had been more successful in reducing unemployment and inflation than her own. If social democracy were a slow poison I would say it was a good diet for most people."

Mrs Williams spoke in the twilight, waiting for the electricity to be connected. The council has taken the second-floor office suite of four rooms with the option of four more on a "cheap" six-month lease. The party headquarters, it seems, will be elsewhere.

The offices are the venue today of another photo call for the "gang of four" who launched the "Limehouse declaration".

Volunteers, up to ten a day, are at work opening the cascade of mail solicited by the recent advertisement in the *Guardian*. So far, Mrs Williams says, they have counted about £34,000 in donations. About £9,000 came in in small sums in about 12,000 letters to the "gang of four" as individuals. But the *Guardian* advertisement had projected between £20,000 and £25,000. They still had one small bag to open.

Most donations had been small but a few had been more than £1,000, although the idea that it was coming from *Widdows*, Labour MP for Teesside, *Thornaby*, as he is expected to tell his constituency on Friday that he will not stand again as Labour candidate.

The centre in turmoil, page 2

Hunger men in dirty protest

From David Nicholson-Lord

Belfast

Six of the seven former hunger strikers at the Maze prison, near Belfast, have resumed their "dirty protest" after being moved from the prison hospital back to their cells. It was confirmed yesterday.

The men, who were moved on Friday, have been in hospital since the strike was called off shortly before Christmas. The seventh striker, Sean McKenna, who was close to death, remains there, after

being moved back to the Maze from Musgrave Park Hospital, Belfast, last month.

The Northern Ireland Office said the men were asked if they intended to conform with prison regulations, including the wearing of prison issue civilian clothing, and they refused. They were placed in uniformed cells and immediately began fouling them.

The men's action is a further indication of a hardening of attitudes inside the H-Blocks at the Maze in the run-up to a second hunger strike.

Rejection of 10% offer by water workers precast as unofficial action begins

David Felton

Bour Reporter

Fears that unions in the water and sewerage industry could not be able to restrain members from taking unofficial action proved correct yesterday when about 200 workers in the North started a work-to-rule in defiance of advice from their union leaders. The employers were prepared to meet unofficial action by the rejection earlier this year by union negotiators of a "final" 10 per cent pay offer. There were strong indications last night that the offer had been heavily defeated by the 100 workers in England and Wales.

As the action spread throughout Durham and Northumberland, with the prospect

of more workers in the areas joining in this morning, delegates representing 2,000 workers in South Wales yesterday voted unanimously to reject the offer and called for a national strike.

South Wales is traditionally a militant area, and union officials were urging calm last night to prevent workers there following the example of their colleagues. But the employers and the Government were concerned at the vote by delegates representing the moderate 2,500 workers in the northern region, including Durham and Northumberland, which was unanimous in rejecting the offer and calling for a national strike.

Officials of the General and Municipal Workers Union (GMWU) which is dominant in

the industry, were forecasting last night that the votes at other delegate conferences later this week would be influenced by the north-east action. The militant London region meets today. It is also expected to call for strike action.

The other main union in the industry, the National Union of Public Employees, is also consulting its water industry members. A vote of no confidence in union negotiators has not calling a national strike after rejecting the offer, has been tabled for Friday's meeting of the union's water committee in Wales.

Mr. Rodney Bickerstaffe, NUPE national officer, said last night that there was a great feeling of frustration among the members.

Polish union ready for 90-day truce

land's free trade union movement feared that it was ready to accept a 90-day truce in exchange for a genuine dialogue and a genuine partnership. Solidarity's official spokesman saw hope not just for a truce but for a genuine peace. But that did not mean that there would be no strikes in Poland.

Rush for shares

The Government's flotation of 100 million shares in British Aerospace was three-and-a-half times oversubscribed. The shares, on offer at 150p each, represent a 50 per cent stake in the group. More than 155,000 separate applications were received, a high proportion from small investors. Page 17

Niedermayer jail term

A man was jailed at Belfast Crown Court for 20 years for the manslaughter in 1973 of Mr. Thomas Niedermayer, the West German consul in Northern Ireland. Mr. Niedermayer was kidnapped by the IRA, was to have been offered in exchange for the London car bombers, the Price sisters. Page 3

Reflation call by Tory

Reflation in certain sections of industry was urged by Mr. Norman St John-Stevens. Pressing for action by the Prime Minister, he said he feared unemployment would get out of control and that it would be too late next year for reflation. Page 2

More Labour peers

Mrs Margaret Thatcher is expected to announce the creation of a handful of Labour peers after a request from Mr. Michael Foot, Leader of the Opposition. The request was made after pressure from senior Labour peers who felt there was a serious shortage of "working" Labour members on the front bench. Page 2

Defence economies

Withdrawal of a divisional headquarters from West Germany is among possible economies being considered by the Army. Others include fewer bands, merging some small specialist corps, and rationalization of infantry administrative posts. Over-spending could mean a cut of about £100m for each Service. Page 4

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Letters: On Soviet view of revolution, from Dr. A. Strumans, and others; SAS at embassy, from the Army; General Cabinet and policy, from Lord Thorpecroft. Leading articles: Reagan's budget; The Pope in Asia. Arts: page 8
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Paul Routledge on the "miners' challenge to the Tories"; Nicholas Ashford on the war in Namibia.

Sury Menkes on fashion. Sport, pages 16, 17.
Cricket: England in trouble after the West Indies. First minutes score of 423. Football: League leaders visit Nottingham Forest in sixth round of FA Cup. Business News, pages 18-21.
Stock Markets: The prospect of a national miners strike and further gloomy news on the economy has led to a heavy selling of equities. But figures recovered after the trade figures. The FT index closed down 57 at 484.5.
Business features: Patricia Tildall reports on the business community's opposition to the local authority rate rise; Kate Finch on the Chloride Group's difficulties in Egypt; Hugh Stephenson on a waking nightmare for the Chancellor.

Garrard, exclusively...

Castle Vanadanite
by William Tolliday

The enchanting golden sculptures of William Tolliday are exclusive to Garrard. In this example, a tortuous golden path leads upwards from a sea of translucent agate, amidst crystallised rocks of vanadinite and malachite, to the drawbridge. The castle of coloured golds, red, yellow and black, crowns the composition, its towers, turrets and castellated bastions gleaming with diamond embrasures. The sculpture measures eight inches in height.

William Tolliday creates only a very limited number of distinctive pieces each year; each is unique, fashioned with rare and imaginative artistry. Examples of his sculptures and jewelled collages can be seen in the showrooms. An illustrated brochure of the artist and his work will be sent on request.

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HOME NEWS

20 years' jail for killer of German diplomat

Mr Thomas Niedermayer, the kidnapped German diplomat, died after he tried to escape during a bungled IRA attempt to free the London car bombers, Dolores and Marian Price, the prosecution said at Belfast Crown Court yesterday.

Lord Justice Jones was told that the Provisional IRA had sworn Mr Niedermayer, aged 45, the West German consul in Northern Ireland, for the jailed sisters.

John Christopher Bradley, aged 42, of Nelson Crescent, Belfast, one of the captors, was jailed for 20 years for the manslaughter of Mr Niedermayer.

Eugene Anthony McManus, aged 51, of Rockville Street, Belfast, was jailed for five years. He admitted membership of the IRA and assisting those involved in the kidnapping and death of Mr Niedermayer.

Mr Niedermayer, who disappeared in December, 1973, died while being held captive after attempting to make a dash for freedom from the house in Belfast where he was held, it was stated.

His body, bound hand and foot, was found nearly seven years later in a shallow grave about a mile from his home.

John Crowe, QC, for the Crown, said Mr Bradley, who admitted manslaughter, but pleaded not guilty to a charge of murder, which the judge accepted, told the police in a statement that members of the IRA were the kidnappers over the whole of the IRA.

Mr Bradley had allegedly told the police that after Mr Niedermayer tried to escape he started to scream and was held down. He was hit on the head with a pistol.

"We held him for I do not know how long", Mr Bradley had said. "He was still struggling but then went limp. Someone said, 'The man is dead'."

As well as being jailed for 20 years for manslaughter, Mr Bradley, married with four children, was given concurrent sentences ranging from five to 15 years on six further charges relating to assaulting and imprisoning Mr Niedermayer, having guns and nail bombs, and belonging to the IRA.

The judge told Mr Bradley, a former member of the RAB, "You have recognized the court, but you should not get a gold medal for that. This was a disgraceful act. You are nothing but a common criminal, and will be dealt with as such."

Turning to Mr McManus, Lord Justice Jones said: "You have pleaded guilty to membership of the IRA, which is at the root of many of the troubles in this province."

Earlier Mr Richard Ferguson, QC, for the defence of Mr Bradley, said: "He was not part of the original kidnapping."

He never intended to kill or cause any harm to Mr Niedermayer. His role was to guard him."

Mr Tom Cahill, QC, for the defence of Mr McManus, said his client had not known about the kidnapping or how Mr Niedermayer met his death.

Staff unions' overtime ban at BL gets poor backing

From Clifford Webb Birmingham

The start of a campaign to ban and impose work sanctions, called by BL staff unions opposing compulsory redundancies, got a poor response yesterday from the group's 22,000 white-collar workers.

Most of the 34 car plants reported no action of any kind. At those plants where the men voted to support the campaign, they did not seem to have their hearts in the dispute and were merely going through the motions.

The first 200 notices of compulsory redundancy went out yesterday. Although the management had said it would bring forward all the 900 compulsory redundancies being sought if the unions went ahead with their campaign, it appears that the lack of militancy has led to a change of heart.

Volunteers are still coming forward and it seems likely that fewer compulsory cuts will have to be made before the March 31 deadline set by BL to achieve 4,250 staff redundancies. More than 3,400 have volunteered to leave.

The danger is that a confrontation with an individual employee could bring about a withdrawal of labour in key plants such as Longbridge, where the Metro is produced.

Lords ruling deferred in tax amnesty case

The House of Lords reserved judgment yesterday on the question whether small businesses, angered by a tax amnesty granted to Fleet Street's 6,000 casual print workers, can sue the Inland Revenue.

A year ago the Court of Appeal ruled that the 50,000-strong National Federation of Self Employed and Small Businesses was entitled to sue the revenue in the present appeal, in what has become known as the "Micky Mouse" tax case, the revenue seeks to reverse that ruling.

The federation has sought a declaration that the revenue acted unlawfully in declaring an amnesty up to April, 1977.

Some printing workers were said to have been defrauding the taxman by signing for pay packets with fictitious names such as "Mr M. Mouse".

Buses return to Guernsey

From Our Correspondent St Peter Port

Buses were run in Guernsey yesterday for the first time since November 19, when the former bus company closed because of heavy losses.

Guernseybus, a subsidiary of Trafalgar Leisure Investments, has started with six scheduled routes and is to introduce another five from next Monday. The new company has taken

over the existing fleet of buses, most of them decorated as before. Many of the drivers are back at the wheel, although the staff has been reduced, and the same offices and garages are being used.

Guernsey has a population of 51,000 and 31,700 motor vehicles, including nearly 24,000 private cars. It is predicted that by the end of the century there could be 50,000 vehicles.

Whitehall brief: University 'think tank' specializes in policy analysis

Getting to grips with a chewed-up economy

By Peter Hennessey

One of the most unfortunate realities in British society is the divide that yawns between the universities and the Whitehall branches of the thinking classes. By comparison, Washington variably buries with policy initiatives that provide men of ideas for new administrations.

Professor Richard Rose, of Strathclyde University, is an American who has spent the bulk of his working life in Britain producing a prodigious output of scholarship on our politics and is well placed to ponder the relationship between Whitehall and universities.

In an article in the International Social Science Journal, Professor Rose has captured the institutional and career pressures that keep the two professions apart: "Power and influence, rather than knowledge and ideas, are the tokens of success at the highest levels of government. A public official views government as a means to an end, whereas a social scientist views it as an end in itself."

Strathclyde, like Nuffield College, Oxford, is among those



Professor Rose: "Wrong to blame individuals."

bodies that have striven energetically to trigger intellectual exchanges between scholars and bureaucrats. Crucial to its efforts since 1976 has been its Clydeside "think tank", the Centre for the Study of Public Policy, funded by grants received from government sources and foundations in six nations. The centre's raison d'être is

the practice of policy analysis, pinning down the factors that cause the efforts of government to fall apart. Professor Rose cites the example of the economy, the area of the country's most persistent policy failure since 1945.

"It is dead wrong to blame individuals, either ministers or civil servants. It is not the quality of the people. It cannot be. Look at the Treasury. Look at the economy. It is something in between, chewing it up."

Strathclyde has tried to focus on "something in between" with a flood of studies in social policy on subjects ranging from Northern Ireland and the implementation of language policy in Welsh schools to regional and industrial economic policy and the general theme of overload in government. They appear at the rate of 24 a year.

As an American, he is cautious about Washington. Whitehall analogies, the kind of thinking that suggests that if only London had a Brookings Institution a thousand policy flowers would bloom. British soil, he insists, is different. The country is the victim or

past success when nobody in politically or bureaucratically powerful circles felt the need of assistance from thinkers outside Whitehall because things were going very nicely. The setbacks of the 1970s have changed all that and even the Official Secrets Act, Professor Rose says, cannot disguise "the condition of England". A policy analyst can also do a lot with the data that government publishes every year, he adds.

Mr Kevin Allen, codirector of the Strathclyde centre, an economist specialising in regional policy, is convinced that universities are perfectly placed to carry out research for government, as he and his team are doing for the Department of Industry and its German, French and Italian equivalents. They have the people, the libraries and the contacts.

Professor Rose adds two warnings. First, people in universities are not elected to govern the country; taking decisions is the responsibility of those who are. Second, "policy analysis is about diagnosing problems and identifying options. I am in the understanding business, not the solutions business."

Singer must pay £10,000 for slandering publisher

Miss Dorothy Squires, the singer, must pay £10,000 damages for slandering publisher, a High Court judge decided yesterday.

Mr McGibbon had complained that on four occasions Miss Squires told business associates

that he had spent two years in jail.

The jury took 45 minutes to find against Miss Squires, aged 57, and award the damages. Mr Justice Caulfield ordered her to pay the costs of the case.

Last month she lost a libel action against Mr McGibbon, founder of Everest Books.

Both actions arose from a dispute over the proposed publication of Miss Squires's autobiography, *Rain, Rain Go Away*, which was written in 1975 but has not been published because of a clash over the contract.

That dispute is also due to be heard in the High Court. It is estimated that Miss

Squires, the former wife of Mr Roger Moore, the actor, will face a bill of £12,000 for costs in the two actions.

Mr Justice Caulfield yesterday granted Mr McGibbon an injunction to prevent Miss Squires repeating her allegations against him.

Labour holds back paper on rights of homosexuals

By Lucy Hodges

A policy document on the rights of homosexuals which was approved by the national executive committee of the Labour Party has been put aside, allegedly for financial reasons.

However, there are worries that the document is being suppressed because the Labour Party bureaucracy in Whitehall Road, south London, does not like its tenor.

The confidential document, entitled *The Rights of Gay Men and Women*, says that homosexuals face discrimination in virtually every aspect of their lives, particularly employment. Legislation to protect them is long overdue, it says.

The paper, which calls on the Labour movement to speak out on the issue, originated with the party's home policy committee, of which Mr Wedgwood Benn, MP for Bristol, South-east, is chairman.

Mr Benn wrote the foreword to a pamphlet published by the National Council for Civil Liberties last month called *Gay Workers: Trade Unions and the Law*. He said on its publication that the NEC policy document would be put into practice when the party was next in office.

Victims of attacks: About forty homosexuals were killed or disabled in attacks during the past three years, a report by the Campaign for Homosexual Equality said yesterday (the Press Association reports). It said there were more than 260 incidents.

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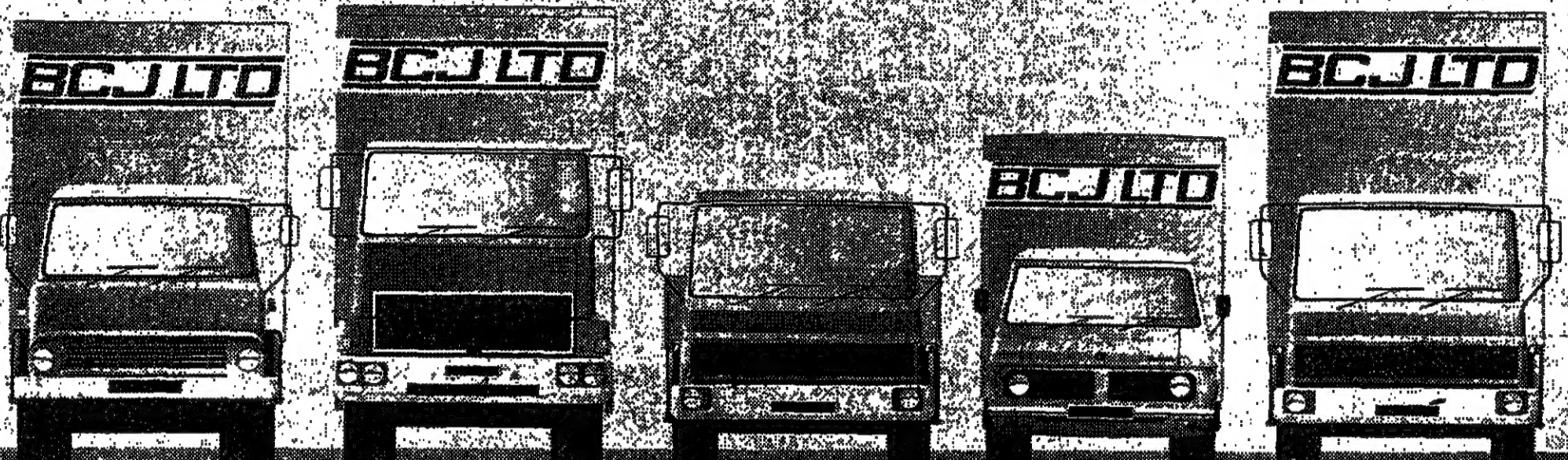
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HOME NEWS

Withdrawal of divisional HQ from West Germany is among economies considered by the Army

By Henry Stanhope

Defence Correspondent

The withdrawal of a divisional headquarters from West Germany is among the options being considered by the Army as part of a package of defence economies that might have to be implemented this year.

Others include a reduction in the number of bands, mergers among some of the small, specialist corps and a rationalisation of administrative posts in the infantry organization in Britain.

The General Staff has ordered a review of all possible savings in the Treasury insists that overspending by the Ministry of Defence during 1980-81 should be paid for out of the 1981-82 budget.

The amount of the overspending will not be known for several months, but is likely to be between £400m and £600m, which would mean in effect a cut of about £100m for each of the three main Services.

The Army, which refuses to accept that it escaped more lightly than the Royal Navy and the RAF in the recent £200m defence cuts, believes that some economies will be necessary anyway because of rising pressures on money and manpower.

Those economies are being accelerated, but the complexity of new equipment which imposes a need for more main-

tenance and support and partly by the fact that the £200m cut has lowered the baseline for future budgetary calculations.

The Army, which is now 3,000 men short, has had to cut back on recruiting because of inadequate funds. A target of 14,500 adult males for 1980-81 was raised to 15,000 because of the numbers coming forward as a result of the recession.

That was pruned to 13,000 when it was found that the Ministry could not afford to fund the extra training costs and salaries. Recruiting targets for junior soldiers have had to be reduced from 11,000 to 10,000 and for women from 1,200 to 1,100.

The retention rate for the second half of 1980 was 11 per cent higher than for the preceding six months. But the General Staff had hoped to gather as many as possible now as an insurance against lean recruiting years in the mid-1980s.

The need for manpower economies is felt most acutely in the British Army of the Rhine (BAOR) where most new equipment like helicopters, missiles and armoured vehicles is stationed. Manpower in BAOR is slightly above the establishment figure of 55,000 and is in danger of rising much higher unless the Army starts to make savings.

The Army is reluctant to

economize on front-line regiments—or on the logistic units. So most of the options being looked at involve reducing the number of administrative jobs.

The withdrawal of one of the four 900-strong divisional headquarters from BAOR would mean parcelling out its peace-time duties among the remaining three divisions. Meanwhile the headquarters staff might be given additional jobs in Britain, but would remain together so that they could return to BAOR for exercises or for an emergency.

The Army is reluctant to make a substantial reduction in the number of bands. But it is felt by some officers that the need for every infantry regiment to retain a band is now outdated.

There is also likely to be a renewed effort to merge some army services, like the medical branch, with the Royal Navy and the RAF on a triservice basis.

Those are all relatively minor adjustments which could have a big effect on morale, so the Army is wary of moving too quickly.

Officers insist, however, that there is no intention to reduce the size of BAOR below its 55,000 establishment figure. They want only to prevent it from rising far above that total.

We have the Rolls-Royce ready and are waiting for the driver

Civil servants complete guerrilla pay campaign

By David Felton

Labour Reporter

Union leaders representing 530,000 white-collar civil servants are in the final planning stages of a campaign of industrial action which they intend to launch early next month unless the Government improves its 6 per cent pay offer.

The communications centre in Westminster will be linked with 40 regional action committees around the country to coordinate the guerrilla campaign and yesterday the union officials who will man the centre were given a final briefing by the senior London-based officials who will be meeting in almost continuous session to sanction requests from union members in specific areas.

Mr Peter Jones, secretary of the Council of Civil Service Unions, the umbrella body for the nine unions, said after the briefing: "We have the Rolls-Royce ready now and are just waiting for the driver to arrive."

The campaign, which is expected to cost at least £200,000 a week in strike pay to members taking action, is expected to last for several weeks if ministers decide to make no improvement on the offer before a meeting of the unions on Thursday next week, when the action will be sanctioned.

There has been speculation that ministers are prepared to relax the 6 per cent limit



Helpers in the campaign centre. Requests will be logged in quadruplicate.

slightly in order to avoid such an unprecedented campaign of action, and it was being suggested in Whitehall last night that the unions may be called to a meeting with Lord Soames, Lord President of the Council and minister responsible for the Civil Service, at the end of this week.

The campaign would be aimed at key government computer centres such as the Paye Income tax computers at Shipley, near Bradford, and Cumbernauld,

near Glasgow, and the equipment at Southend which handles VAT collections.

Union leaders are hoping for a big turnout for a national one-day strike, which will probably be held on March 5, to launch the campaign. In addition to the selective strikes at computer centres, civil servants will be asked to work to rule, to hold meetings during work hours and to withdraw co-operation and good will.

The communications centre

will be manned by 18 people during the day in two shifts, who will, in true Civil Service style, be required to log requests for assistance, finance or permission to take action, in quadruplicate for distribution to various parts of the strike organization.

Union leaders will take a policy decision next week on whether to sanction action in the sensitive departments of health and social security and employment.

Fishermen step up Scots coast blockade

From Ronald Faux

Aberdeen

The fishermen's strike spread along the entire east coast of Scotland yesterday as skippers blockaded fishing ports in protest at the lack of official action to control cheap imports of fish.

The fleet from Arbroath put to sea but was recalled and boats from Fife that had intended to sail at midnight on Sunday decided to stay in port after strike organizers in Peterhead had appealed for their support.

Groups of fishermen from the north-east intercepted freezer lorries loaded with imported fish and tried, with little success, to prevent them from delivering to factories in Aberdeen. One strike official estimated that 2,500 boxes of fish had been brought in to Aberdeen by road.

The fishing vessels lay moored closely together in Aberdeen harbour: a line of boats was strung out across the entrance to the fishing port. Fishermen argued angrily with fish buyers who arrived at the quay to try to persuade them to lift the blockade.

Committees representing ports in north-east Scotland were considering whether to step up their action and prevent ships from operating on oil-related business from Aberdeen, Peterhead, Montrose and Dundee. A blockade of the oil terminal at Sullom Voe, Shetland, the largest oil port in Europe, is also being considered.

Appeal to ministers: The British Fishing Federation, representing vessel owners at seven main ports, will be at the Ministry of Agriculture, Fisheries and Food in London today pleading their case for early grant aid if bankruptcies are to be avoided (see Hull Correspondent writes).

Mr Peter Walker, the minister, has said there is a case for an early review of the Government's financial aid programme.

The federation disclosed yesterday that an independent cost analysis showed that the trawler fleet lost £4.5m in the six months to December. In the same period the trawlermen were getting 10.8p at the quay-side for fish that cost them 14.7p to catch.

Six months' jail for supporter

John Kenneth Hickford, aged 27, a Middlesex United supporter, who ran on to the pitch during a Leeds United and Middlesex match, was jailed at Leeds Magistrates' Court yesterday for six months.

Mr David Lloyd, the magistrate, told Mr Hickford, of Hartburn, Stockton-on-Tees: "Your conduct may well have caused a riot, or near-riot." Mr Hickford admitted using threatening, abusive and insulting words or behaviour likely to cause a breach of the peace.

Yachtswoman and friend on poisoning charge

Rosie Swale, the round-the-world yachtswoman, and her friend, Tracey Stamp, who had a sex-change operation 10 years ago, poisoned Miss Stamp's friend, Keith Vincent, a jury was told at Winchester Crown Court yesterday.

Mr Roger Titheridge, QC, for the prosecution, said that Miss Swale, aged 31, and Miss Stamp, aged 45, formerly Bernard Stamp, used a poison called Cyrisin from the seeds of the laburnum tree.

They gave it to Mr Vincent not to cause him serious injury but to keep him out of the way, counsel added.

The accused couple also hatched a plot to have Mr Vincent killed for breaking an undertaking not to enter them, he added. They arranged for a wreath to be sent to Miss Stamp, making out it had come from Mr Vincent, with the

Fire disaster on Dublin scale 'could happen in Britain'

By John Withrow

The fire that killed 44 people and injured more than 100 at a Dublin discotheque early on Saturday could happen in Britain, fire chiefs and the British Safety Council said yesterday.

"It is only by chance that the fire in Dublin happened there and not in the United Kingdom," Mr James Tye, director-general of the British Safety Council said in a statement.

He pointed out that he had given warnings for the past 10 years that disco, jazz clubs and other places of entertainment, particularly those for young people, were dangerous.

"They are not designed for safety, they contain highly flammable materials, they are inspected infrequently, if at all, and so-called fire precautions are not monitored."

Mr Tye said the council had predicted a fire on the Dublin scale for a long time. He is calling for tighter regulations, including the compulsory installation of sprinklers, the banning of foam furniture and padding and frequent inspection by fire prevention inspectors.

Mr Reginald Doyle, chief fire officer for Kent, said it would be impracticable to ban seating filled with polyurethane foam, which when ignited gives off

dense smoke, fierce flames and toxic fumes. But he added that more research should be undertaken into the possibility of using less dangerous foam.

Mr Doyle said there was a number of night clubs in Britain that operated illegally and had not been inspected by fire safety officers. Others might have modified decorations without fire service approval.

That could include putting up flammable curtains and false ceilings.

Mr Doyle felt that British regulations were adequate to combat most dangers from fire, but because of financial

cuts officers were unable to inspect premises as often as they would like. "Panic in a fire, however, can always cause the best laid plans to go wrong," he said.

Arson investigation: There is still no hard evidence that arsonists caused the Stardust Club fire, Chief Supt. John O'Driscoll, in charge of investigations, said in Dublin yesterday (the Press Association reports).

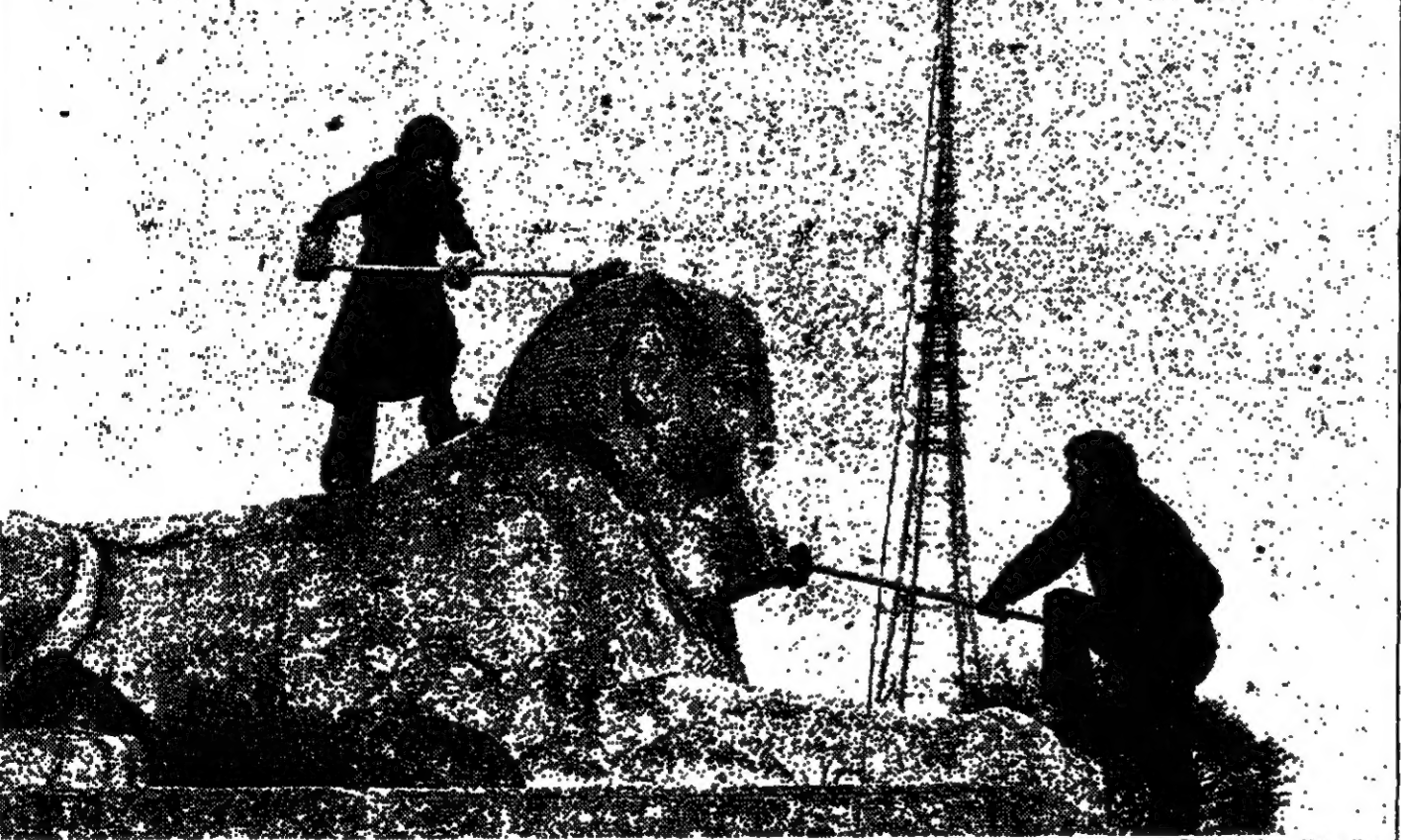
"Rumours are floating around and a number of allegations have been made in different places," he said. "But our minds are completely open."

He appealed for anyone who was at the club on the night of the disaster, and anyone else who had any information, no matter how trivial, to get in touch with the police.

About two hundred police were yesterday taking and checking statements.

Police want to interview a woman worker at the club who told a doorman minutes before flames swept the premises that she had seen someone starting a fire. But attempts to trace her have been unsuccessful.

The number of dead was officially reduced from 48 to 44 last night. So far 29 of the dead have been identified.



Tracey McKay, aged nine, and Mr Keith Wyncoll, of the Crystal Palace Foundation, London, cleaning a dilapidated sphinx adorning a terrace on the old palace site. Volunteers of the foundation, set up in 1979, aim to preserve items of historical interest.

Gaelic campaigners daub 'justice' on road signs

From a Staff Reporter

Inverness

Road signs in a wide area of the Scottish countryside north of Perthshire were defaced last weekend with the slogan "Ceartas", which is Gaelic for "Justice".

The action came after the failure of the private member's Bill on Gaelic in the Commons.

About forty road signs were defaced. A spokesman claiming to be from a Gaelic language group, calling itself Ceartas, telephoned the Aberdeen Press and Journal and announced that a long-running campaign would be launched similar in style to the Welsh language protest.

Militant Gaels were clearly

angered by the failure of the Bill and because Westminster took the view that Gaelic did not require further protection. The anonymous spokesman told the newspaper: "We now plan a campaign of civil disobedience which will include the destruction of transmitters in Scotland and England."

An Communist Gaidhealach, the society which is the chief promoter of Gaelic, had described the Bill as potentially the most important happening for a generation in the Gaelic world.

Mr Colin Spencer, secretary, said yesterday that they were extremely disappointed that such a modest claim had been rejected and that it had taken five hours of debate to do it.

Wife strangled man, 82, for money, QC says

Bernadine Arnett married her husband, aged 82, after a week's courtship, and strangled him 10 weeks later, Mr Peter Crowder, QC, for the prosecution, said at Reading Crown Court yesterday.

Mrs Arnett, aged 51, had claimed it was because he demanded oral sex, but the real reason was that she married him for his money, Mr Crowder said.

Mrs Arnett, of Monkwood Close, Newbury, Berkshire, denied murdering her husband by strangling him with her hands and a dressing gown cord on October 22 last.

Mr Crowder said Mr Arnett had been married to his first wife for 40 years up to her death in 1975. Since then he had lived alone in his £32,000 detached bungalow on a £124-a-week pension from his job as a salesman.

He had never had an over-draft, but his second wife began to run one up soon after their marriage. Counsel added: "In a matter of 10 weeks he was dead. To put it in a nutshell, this lady, who is some 31 years younger than her childless husband, married him for his money and murdered him for his money."

"She was out for money. After some weeks it became apparent that he was not as sensible and stupid as she thought and there were indications that the will was going in another direction."

The trial continues today.

New director for health education body

A nutrition expert based in the United States is to become director of the Health Education Council, the quango whose job is to persuade the nation to live a healthier life.

Professor Keith Taylor, aged 56, Professor of Medicine at the University of Stanford, is to take up the job on July 1 at £25,695 a year.

That is understood to be some £5,000 more than the salary of Mr Alastair Mackie, director general for eight years, who is to take an 18-month sabbatical until retirement after disagreements with some council members.

Mr Mackie, admired by journalists for an often abrasive style, was at times less popular with health educators and MPs. One campaign depicted a naked, pregnant woman and asked "Is it fair to ask your baby to smoke?"

Professor Taylor, born in London, qualified in medicine at Oxford.

New closed shop dispute in Midlands

From Arthur Oeman

Walsall

An appeal was made to Mrs Margaret Thatcher yesterday by two school "dinner ladies" threatened with dismissal in another closed shop dispute in the West Midlands.

The Labour-controlled council at Walsall, which adjoins Sandwell, where Miss Joanna Harris, aged 20, a poultry inspector, was dismissed last week for refusing to join a union, is ready to dismiss Mrs Joan Cooper, aged 52, of Falmouth Road, Walsall, and Mrs Doris Todd, aged 35, of Foxway Drive, Erdington, Birmingham.

A telegram to Mrs Thatcher read: "Please help us. Dinner ladies closed shop dispute Walsall, West Midlands."

Mrs Cooper works at the Blue Coat Church of England infant school in Walsall, and Mrs Todd at the Streely Comprehensive School, where some of her kitchen colleagues have refused to accept her because she had declined to join the National Union of Public Employees.

Both lost their appeals against joining when they appeared before a disputes panel last Friday. The panel comprised of Labour councillors, union officials and a legal adviser from the local authority.

Councillor Brian Powell, the leader of the council, said yesterday: "They could not justify not belonging to a trade union."

Eight other people, mostly ancillary workers, would be required to give their reasons for not joining a union.

Mrs Cooper, who has six children, said: "I realize that I cannot win this battle, but I am going to fight until I have to give up. I have never categorically said I would not join the union, but I will fight to stay out of it."

Mr Morris McWhirter, of the Freedom Association, had been in touch with them.

Mrs Todd said: "I have no intention of joining the union. We both felt the panel hearing was a waste of time and money. We felt at a disadvantage because they obviously had no intention of changing their minds and we felt it was a fair attempt."

More Home News, page 9

In brief

Two for trial on jail plot charge

Stanley Thompson, aged 35, who is accused of escaping from Brixton prison and helping two others to escape, including Gerard Tuttle, the alleged IRA man, on remand, was committed at Crampton Magistrates' Court, London, yesterday on bail for trial.

Mr Thompson, of Ongar Way, Rainham, Essex, was charged with conspiring with Mr Tuttle and James Moody to escape from the prison last December. Also committed for trial on bail was Mr Moody's brother, Richard Moody, aged 41, of Rosendale Gardens, West Dulwich, London, charged with conspiring with Mr Tuttle to effect the trio's escape.

Mr Thompson, of Ongar Way, Rainham, Essex, was charged with conspiring with Mr Tuttle and James Moody to escape from the prison last December. Also committed for trial on bail was Mr Moody's brother, Richard Moody, aged 41, of Rosendale Gardens, West Dulwich, London, charged with conspiring with Mr Tuttle to effect the trio's escape.

Mr David Wiltshire, aged 37, a political researcher and administrator, has been chosen from 128 applicants to be the Conservative parliamentary candidate on the Isle of Wight. He is married, with two children, and is from Midsummer Norton, near Bath.

General election: S. S. Ross (Lib), 52,890; D. Fisher (Con), 35,337; C. Wilson (Lab), 3,016; 1st seat.

Lost for a century

An inscribed silver trowel which disappeared from a Roman Catholic church in Nottingham in 1880 was bought in a shop in Japan, by an American tourist, who has returned it to the Bishop of Nottingham, the Right Rev James McGuinness.

Dearer drinks

Scottish and Newcastle Breweries increased the price of beers in its 550 managed public houses by 1p yesterday. A nip of spirits is 1p dearer in the North-east and 2p dearer elsewhere.

Qantas flights stop

Qantas flights in and out of Heathrow airport yesterday and today were cancelled because of a strike by the airline's staff in Australia.

ITV chief says viewing is beating Saturday night out

By Kenneth Gosling

The British addition to a good Saturday night out is rapidly giving way to a quiet evening in front of the television set, according to viewing figures disclosed at a London press conference held yesterday to publicize the spring schedules on commercial television.

Mr Michael Grade, director of programmes, of the Independent Television (LWT) said that 70 to 75 per cent of people with television sets were viewing on Saturday nights. He and his fellow programme controllers claimed most of that audience, not only on Saturdays but at other times as well.

Allegations by advertisers that the BBC had pulled ahead were firmly rejected. Mr Paul Fox of Yorkshire Television said that many independent television shows were featuring in the top 20 on Saturday nights; the balance had shifted to independent television and would stay there.

Mr Grade went further. He said that as far as the winter schedules were concerned independent television had won yesterday's battle. He said that he had slumped, ousted by the Professionals.

"The audience is coming back in very big numbers on Saturdays, and with people watching as much television as they ever did, this is very encouraging to us," Mr Grade said.

An unusually large number of new programmes will be shown by independent companies in the autumn, including six comedy series and a good deal of original drama. A Ken Loach film for ATV, *Looks and Smiles*, deals with youth unemployment.

Documentary and current affairs programmes include an LWT film based on a year spent with Princess Anne, Captain Mark Phillips and their son, Peter.

Jump in number of student maths teachers

By Diana Geddes

Education Correspondent

Big increases in the number of students training to become mathematics and science teachers were announced yesterday by Lady Young, Minister of State for Education and Science.

The numbers enrolling for one-year Post Graduate Certificate of Education (PGCE) courses in mathematics, physics and chemistry last autumn were 45 per cent up on the previous year, she told a departmental meeting in Kingston upon Thames.

Those students would be available for employment as

newly qualified teachers this summer. The signs were that there would be an equally good crop next year.

Figures yesterday from the Central Register and Clearing House, which deals with all teacher training, show that applications to date for PGCE courses starting next October are up by 36 per cent for mathematics, 43 per cent for physics, 42 per cent for chemistry, and 17 per cent for French.

Applications for three and four-year Bachelor of Education (BED) courses for students whose first subject is mathematics are up by 29 per cent.

Figures for the sciences are too low for proportionate increases to be significant; there are 15 applicants for chemistry, the same as last year, and 27 for physics, compared with 15 last year.

Applications for BED courses in French are down by nearly a fifth, while applications for craft, design and technology, another area in which there are serious shortages of qualified teachers in schools, are about the same as last year.

Lady Young also said that a record number of people had come forward for training and retaining this year as teachers of "shortage" subjects under

Drug's effect is to lop 6,500ft off Everest

By Nicholas Timmins

Doctors in Birmingham

University Medical School have found a drug that has the effect of lopping 6,500 ft off Mount Everest.

That may not turn the 29,000 ft mountain into a molehill, but the discovery could have considerable importance for the tens of thousands of people who go trekking in the Himalayas and Andes each year and for a host of high altitude climbers, skiers and even soldiers whose duty takes them to the higher and less hospitable parts of the world.

One man who apparently rates the benefits of the drug highly is Father Piers Gram-Ferris, the British Benedictine monk who spent eight days walking down the 23,000 ft Mount Aconcagua in Argentina and without food last month. The Birmingham team supplied him with the drug for his climb and says he has written to say it was of great value.

The drug is acetazolamide, used in the treatment of glaucoma but now shown by a team of 20 from the Birmingham Medical Research Expeditionary Society to be of value in preventing acute mountain sickness. The condition, caused by altitude, produces nausea and headache in its mild form, but can be fatal when severe.

Mild symptoms start in susceptible individuals at about 10,444ft, although trekking parties have found that ascending faster than the recommended rate may ward off the condition.

Acetazolamide has been experimented with before: an ascent in 1979 of Mount Chimborazo, 20,000ft and Ecuador's highest mountain, has shown in a scientific study that the drug does appear to work.

Ten members took the drug, 10 others a placebo, and the results, published in the *Lancet*, show that by both subjective assessment and clinical tests those taking acetazolamide performed better in the oxygen-starved air and had fewer symptoms, although one climber on whom the drug was expected to have no effect had to descend.

Dr Jo Bradwell, chairman of the society, who took part in the expedition, said: "I would expect that mountaineers and people who trek to altitude would benefit from acetazolamide."

At the summit of Everest the drug would give the physiological effect of being 5,000ft lower. The effect was relative, so that someone trekking, say, to the Everest base camp, which is a popular holiday route, but more than 17,000ft up, would gain less benefit but still the equivalent of 3,000ft.

That, Dr Bradwell said, could be most important in reducing deaths and accidents at height. Even experienced mountaineers such as Sir Edmund Hillary and Chris Bonington were believed to have suffered from mountain sickness.

The condition took five to six hours to develop, and the fact that 90 per cent of accidents occurred during descent might be due not just to fatigue but to the early symptoms of mountain sickness. Even in the Alps mountaineers regularly spent time above 12,000ft, and about 250,000 people a year trekked at altitude in the Andes and Himalayas, he said.

Although the manufacturers list a number of side-effects, including dizziness and irritability, Dr Bradwell said that the doses given in the study caused no difficulties other than a sensation of pins and needles, which usually wears off.

The Ministry of Defence had taken some interest in the drug, as had the United States Army, but little had been published.

Drug's set
is to top
6,500ft of
interest

WEST EUROPE

Thousands join huge protest at death of Basque suspect

From Richard Wigg

Madrid, Feb 16

Tens of thousands of people joined a demonstration tonight in the three main cities of the Basque region in protest at the death in police custody of Señor José Ignacio Arregui, aged 30, who was suspected of being a member of ETA, the Basque separatist organization.

The demonstrations came after a day in which there was an almost complete general strike throughout the region.

Large and small industries closed after the protest assemblies among the staff, in the three main cities the local authorities, transport, the post office and the municipal police all stopped working, as did schools, universities, shops and banks.

The regular Monday meeting of the Basque regional cabinet was also suspended.

In San Sebastián bank clerks marched through the main streets while hospitals staged symbolic strikes or attended only to emergency cases for the day.

In Vitoria, seat of the new autonomous government, a crowd of about 2,000 marched on the office of the civil governor shouting slogans against the Spanish police.

The strike, called by all the Basque political parties, except the Centre Democratic Union, and all the Basque trade unions, coincided with the funeral of Señor Arregui in his native town where the coffin had been displayed on a catafalque in the main square.

An estimated 10,000 people followed the funeral procession at which 11 priests officiated.

This evening's demonstrations used the same slogan—"peace and an end to violence for the Basque country"—as that adopted for the huge anti-ETA demonstration a week ago after the killing of a Basque nuclear engineer from the Lemona power station, by ETA Militar, the organization to which Señor Arregui belonged. But the Basques were also protesting today for all Span-

iards who have been shocked by the "evident" survival of police methods in the Franco era in spite of Article 15 of the constitution of 1978, which states: "Every citizen has a right to life... and shall under no circumstances be submitted to torture or inhuman or degrading treatment."

The Spanish press has begun to speculate that Señor Leopoldo Calvo Sotelo, if confirmed later this week by parliament as Prime Minister, will seize on the opportunity provided by forming a new administration to drop Señor Juan José Rosón, the Interior Minister, in accordance with the traditions of ministerial responsibility in Western democracies.

Señor Rosón belongs to the "Azules" faction of the Centre Democratic Union, so called because he was among those elements who joined the party formed for the 1977 general elections straight from the Franco regime's bureaucracy and who formerly wore the blue shirts of the Falanga.

Later today an investigating magistrate is due to begin hearing the five Madrid police inspectors, now detained, who conducted the investigations. A final post mortem report says that Señor Arregui's death was caused by respiratory troubles resulting from bronchial pneumonia due, in turn, to "physical violence".

The Cortes, Spain's parliament, reassembles tomorrow after the Christmas recess and one day before Señor Calvo Sotelo presents his government programme. Opposition parties have indicated they intend to press the outgoing government on the scandal.

A total of 114 of the 147 convicted or suspected ETA terrorists detained in Madrid's Carabanchel prison have started a hunger strike in protest at Señor Arregui's death.

According to the police, Señor Arregui was responsible for the killing of two civil guards and was arrested in Madrid on February 10, allegedly preparing the kidnapping of a prominent public figure.

Herr Honecker favourable to reunification of Germany

From Gretel Spitzer

Berlin, Feb 16

For the first time in years the possibility of German reunification has been officially mentioned in East Germany.

Speaking to party functionaries in East Berlin yesterday Herr Erich Honecker, the East German leader, not only used the word—it was crossed off the party statute years ago—but also approved of unification "should West Germany turn socialist".

The day would come when socialism would be knocking at the doors of West Germany now pretending that unification mattered more to them than their purses, he said. Once the working people embraced socialism to remould West Germany, the question of unification of both German states would stand in a new light. "There should be no doubt what our decision would be," he said to prolonged applause.

In a realistic assessment of the scope of action of both German states as members of different blocks, Herr Honecker emphasized the significance of relations between the two states for world peace, a relationship that carries "a little weight".

He said East Germany would continue in accordance with the coordinated East block foreign policy, but to shape its relations with West Germany to safeguard peace.

East German sources implied that the country would like to explore the possibility of a joint German initiative on disarmament. It is understood that this was a main topic on the East German agenda for Herr Honecker's meeting with Herr Helmut Schmidt, the West German Chancellor, that was cancelled by Herr Schmidt at short notice.

Cool reception: West Germany responded coolly to Herr Honecker's statement on unification (Reuters reports from Berlin).

SPD leader quits: Herr Dietrich Stobbe, the Chief Burgomaster of West Berlin until he resigned last month when defeated by the House of Representatives, today announced his resignation as chairman of the West Berlin Social Democratic Party (SPD) (Gretel Spitzer writes).

Herr Peter Glotz, successor to Herr Egon Bahr as manager of the SPD in Bonn, agreed to take over the chairmanship of the Berlin SPD.

Elections keep M Marchais at home

From Our Own Correspondent

Paris, Feb 16

M Georges Marchais, Secretary General of the French Communist Party is not going to the Soviet party congress in Moscow at the end of this month. He is the third West European communist leader who is unable to make the trip.

But the reasons for M Marchais not attending are quite different from those of his Spanish and Italian counterparts. Señor Santiago Carrillo and Signor Enrico Berlinguer, they have to do with the French elections and imply no disapproval of Soviet policy in Europe or the armed intervention in Afghanistan.

In contrast, the Spanish and Italian communist parties have given warning that Soviet intervention in Poland would lead

to a break in their relations with Moscow.

M Marchais, who has reverted to a strictly orthodox line at the very moment when the Warsaw Pact countries might decide to intervene militarily in Poland.

The leftist newspaper *Liberation* describes the French communist leader's decision to stay away from the congress as "opportunism".

It would look a little too much as though he were going to Moscow to receive his marching orders, to do everything in his power to facilitate the reelection of President Giscard d'Estaing, without appearing to do so, or, rather, to ensure that M Mitterrand, the Socialist Party candidate, does not benefit from the communist votes in the second ballot.

There is a plausible explanation for either theory. The communists here might wish to have their hands clean in the event of a Russian invasion of Poland. They might also feel that publication of the highly critical letter to him from the Russians on the Polish issue.

The speech may well turn out to be as important as it is obscure. It comes after a deep political mystery broke over the publication of a highly confidential letter to him from the Russians on the Polish issue.

The text will appear in the next number of the periodical *Panorama*. It contains harsh criticism of the Italian party's anti-Soviet treatment of the Polish crisis. The Italians are accused—obviously in what was supposed to have been a secret reprimand—of "supporting



The shattered interior of an office in the South Yemeni Embassy in Paris after yesterday's attack.

Rockets fired at Paris embassy of S Yemen

From Charles Hargrove

Paris, Feb 16

The South Yemen Embassy, near the Arc de Triomphe, was damaged in a rocket attack early today. No one was injured but a fire was started which partly destroyed the first floor offices of the embassy.

An anonymous caller later claimed that the attack was in retaliation for "all the victims of the Rue Copernic". Last October, an explosive device went off outside the synagogue in the Rue Copernic nearby, while prayers were in progress. Four people were killed and 20 others injured.

The attack appeared to be the work of professionals. The two rockets which caused the damage were fired with a timing device from a courtyard in Avenue d'Iena, which overlooks the back of the South Yemen building.

The launchers were placed on a wall, about 9 ft high, and trained on the first floor windows of the embassy about 30 yards away. They smashed through iron bars and shutters of one window and exploded in one of the offices, starting a fire.

About half an hour after the explosion, a recorded message was received on the telephone by Agence France Presse agency. It said: "We claim responsibility for the action carried out this morning against the South Yemen Embassy. We signed it next to the launching spot of the rockets. Remember Copernic."

Police investigators found the two burned-out rocket launchers, and on top of the wall

where they had been sited the zinc sheeting had partly melted away, but scrawled in black paint, the words "remember Copernic" were still visible.

The embassy remained closed today. But it issued a statement this afternoon which said that there was no doubt whatever as to those responsible for the attack. "They are the forces hostile to the Popular Democratic Republic of Yemen, who hope to deflect the Yemeni people from their struggle to achieve a better future."

"This terrorist act is the most criminal because the embassy staff live in the building with their families and peaceful civilians were singled out as targets."

"This attack, which could have led to loss of life, is in flagrant contradiction with diplomatic rules and norms. We therefore expect of the French authorities that they start immediate investigations which must lead to the arrest of the executioners who planned this aggression," the embassy statement said.

Mr Ibrahim Souss, the representative of the Palestine Liberation Organization in France, declared that the attack against the South Yemen Embassy coincided with repeated acts of provocation against the offices and representatives of the PLO in Paris in the last few days.

Police investigation into the bomb attack against the synagogue in the Rue Copernic is still marking time after four months. No trace has yet been found of a mysterious "man with a motorbike".

US move on disarmament breaks deadlock at Madrid conference

From Harry Debelius

Madrid, Feb 16

The United States broke what had appeared to be a deadlock at the European security review conference here today by taking a long-awaited stand on security and disarmament issues and backing a French proposal.

"President Reagan has resolved to commit the full support of the United States Government to the French proposal," Mr Max Kampelman, the head of the United States delegation, told delegates during a plenary session of the 35-nation conference this morning.

His remark cleared the way for the possibility of an eventual disarmament conference, something which the Soviet Union has insisted on since the Helsinki review talks began here last November.

Until today, America had withheld support from all of the various proposals on security. Since the final conclusions of the Madrid conference must be approved by all participating countries, the non-committal attitude of the Americans threatened for some months to block progress in the security area.

The French proposal, backed by members of the European Community, was tabled last December. It incorporates an

important feature which the United States has insisted on repeatedly: confidence-building measures, consisting of the obligatory and verifiable reporting of all significant military activities through Europe. The United States delegation put off any decision on the French proposal until after President Reagan's inauguration.

According to diplomatic sources at the closed-door plenary session Mr Kampelman said: "Unless this meeting mandates a negotiation with specific and firm criteria those who desire effective confidence-building measures will keep us talking about words, about vague declarations and about pious but meaningless pronouncements for generations to come, and all without coming to grips with the basic requirements for real security."

We will absolutely not lend our support in this meeting to cosmetic, and meaningless negotiation. Mr Kampelman also emphasized another point at the session. The United States expects, he said, "a balance of progress on security, on human rights and on economic co-operation... The progress we contemplate in the security area must be matched by significant steps forward in the other areas of the review conference."

The French proposal on security calls for confidence-building measures effective from the Atlantic to the Urals. This is much deeper inside the Soviet Union than the present limit of 250 kilometres (155 miles) east of the Soviet Union's European border.

The chief American delegate rebutted East European objections, that the Soviet Union would be obliged under the French proposal to reveal troop movements in its own territory whereas the United States would not.

He argued that more Soviet troops would actually be exempted from coverage than American troops since there are about twice as many Soviet troops east of the Urals as there are American troops in the United States.

The French proposal is more specific than a Polish plan, which is the principal one presented by the Soviet block. Asked whether the United States could support a "marriage" of the French and Polish proposals, Mr Kampelman said at a news conference after his speech that "the essential preconditions" regarding obligatory confidence-building measures must be included as part of the dowry "if there are any suitors proposing marriage".

Greek bases talks run into snags

From Mario Modiano

Athens, Feb 16

The negotiations between the United States and Greece on the future status of the American military installations here, have run into some difficulty. Both sides have rejected suggestions today that the talks, which began three weeks ago, had reached an impasse.

The Greek Government is trying to trade off the bases against some credible United States reassurances about Greece's safety in the Aegean, including a pledge that the practice of granting military aid to Greece and Turkey so as not to upset the balance of power between them will be continued.

Exchanges about this request as well as about the assurances sought for Greek territorial integrity in the Aegean are taking place at higher level but Washington appears reluctant to assume any commitments that could embarrass its relations with Turkey.

The base negotiations proper which are being conducted by diplomatic-military teams in Athens, were suspended for a few days for technical reasons, but will be resumed next week with the intention of winding up the first exchanges.

One of the most difficult points in the negotiations is the extent of the command and control that the Greek base commander would be able to exercise within the bases to ensure against their unauthorized use for non-Nato purposes.

Hospital escape by terrorist

Parma, Feb 16.—A convicted

member of an Italian terrorist gang escaped from a hospital today.

Cesare Maino, aged 40, was recently transferred from Parma prison to the hospital where he was having tests for a liver complaint. Police had no immediate details of how he escaped. He had been serving a 15-year sentence.—Reuter.

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ABBEY NATIONAL

French Academy honours Dr Sakharov

From Our Own Correspondent

Paris, Feb 16

Dr Andrei Sakharov, the leading Soviet physicist and human rights campaigner, was today elected a foreign associate of the French Academy of Sciences.

He has been living in exile in Gorky, 125 miles east of Moscow, for the past year.

He was elected an associate member of the Academy of Moral and Political Sciences, another of the five academies of the Institut de France, a year ago.

This election is not a political act, M Paul Germain, one of the two secretaries of the Academy of Science declared after today's election.

Mystery of Russian letter 'leak'

From Peter Nichols

Rome, Feb 16

Who is influencing whom is a fair question after accusations here tonight that Signor Enrico Berlinguer, the Communist Party leader, sought in a speech yesterday at Turin to impose the party's views on the unions.

In the same speech, he rejected what he regarded as Soviet interference in Polish affairs in response to Russian accusations that he, not they, was the misleading influence on the Poles.

The speech may well turn out to be as important as it is obscure. It comes after a deep political mystery broke over the publication of a highly confidential letter to him from the Russians on the Polish issue.

those forces which have unleashed a true and proper offensive against socialism in Poland.

The letter arrived in December and was brought personally to Signor Berlinguer by an official of the Soviet Embassy. Its existence has only now been made public and it is still far from certain whether its contents were revealed to *Panorama* by the party here or by the Russians.

There is a plausible explanation for either theory. The communists here might wish to have their hands clean in the event of a Russian invasion of Poland. They might also feel that publication of the highly critical letter shows them to be free of Russian influence.

The Russians might have published it in order to demonstrate to the uneasy rank and file of the Italian party how dangerously far Signor Berlinguer is carrying them, from the gospel according to Moscow. Given that he is known to have troubles with his more traditionalist followers, especially now that the election of an openly anti-communist President in the United States makes flexibility suspect, the view of a Russian breach of confidence is also not unthinkable.

Signor Berlinguer did not go a long way towards solving the mystery yesterday.

On domestic measures, however, including the need for a political lead to the trade union movement, he was unusually harsh. He called for a "profound transformation which includes the economy, society, the parties and also ideas, because one thing is certain: it is not possible to emerge from the present situation with simple adjustments and marginal corrections."

But Signor Berlinguer's dilemma is that he needs evidence of difficulties with the Russians in order to cultivate at home his own claim to lead a potential party of Government. Which brings one back to the theory that he, not the Russians, might have leaked the letter.

OVERSEAS

US space shuttle is worrying Moscow

Moscow, Feb 16.—Pravda today accused the United States of planning to use its new space shuttle to extend the arms race to space.

One of the shuttle's main tasks, the party newspaper claimed, would be to test lasers capable of destroying rockets in mid-flight. The shuttle would have other military functions, such as inspecting objects in space and retrieving them for dismantling or destruction.

Moscow would clearly be concerned about the possibility of its own space satellites being picked up and brought back.

Unlike previous spacecraft, the shuttle is designed to return to earth intact and to be used again for other missions.

The Pravda accusations came on the eve of important shuttle engine tests at the Kennedy Space Centre at Cape Canaveral, Florida.

Washington has insisted it will use space only for peaceful purposes.—Reuters.

British High Commissioner went beyond 'normal functions' over constitutional issue, Canada says

From John Best
Ottawa, Feb 16

Sir John Ford, British High Commissioner to Canada, went beyond his "normal functions" in conversations about patriation, and strayed into the realm of politics, the Canadian Government found today.

Mr Mark MacGuigan, Canada's External Affairs Minister, said however, he had been informed that the British Government has "no intention of interfering in Canadian affairs, and that he considered the matter of Sir John's conduct closed."

Mr MacGuigan was reporting on an "investigation" launched earlier this month after Mr Edward Broadbent, the leader of Canada's New Democratic Party (NDP), accused Sir John of "intolerable interference" in Canadian affairs.

The charge resulted from a conversation the High Commissioner had with an NP Member

of Parliament at a skating party. Sir John outlined the difficulties which Mr Pierre Trudeau's present move to bring home the constitution from Britain is likely to face in the British Parliament.

In making the change, in the House of Commons, Mr Broadbent said there had also been other instances where Sir John had overstepped the bounds of proper diplomatic conduct.

Answering a Commons question about the investigation today, Mr MacGuigan said the Canadian Government had no objection to anything the High Commissioner may have done to represent his Government's position "in relation to its interests."

Nor did it object to his trying to "communicate an understanding of the situation in the British Parliament. This is an entirely appropriate part of diplomatic activity." Part of what Sir John had done fell into this category.

The Minister said he had been assured that Sir John had "acted" in the views expressed in the House by Mr Broadbent and himself. Mr MacGuigan did not single out any instances today where Sir John allegedly exceeded his normal functions.

The British High Commissioner here said the Foreign Office today expressed renewed confidence in Sir John. The High Commissioner was expected back in Ottawa later today.

Mr MacGuigan said the Canadian Government next month to press Ottawa's case in the constitutional dispute (Our Foreign Staff writes).

He is to address the Canada Club on March 25 on the constitution, and probably will seek a meeting with Lord Carrington, the Foreign Secretary, Canadian officials in London said.

Debate on a Bill to amend the Canadian constitution begins in Parliament at Ottawa tomorrow.

Philippines prepares to welcome the Pope

From Peter Hazelhurst
Manila, Feb 16

The Pope will witness some sharp contrasts between the rich and poor in Asia and in the influence of the Christian faith in the region when he arrives in Manila tomorrow to begin a nine-day visit to the Philippines and Japan.

Reflecting how the Roman Catholic Church has emerged as a dominant force in the Philippines during the past four centuries, millions of staunch Christians, many of them representing some of the poorest people on earth, are expected to line the streets of Manila and other cities during the next four days to pay homage to the Pope.

Making his first visit to Asia as leader of the Catholic Church, the Pope will celebrate Mass at Manila Cathedral tomorrow and beatify Lorenzo Ruiz, a seventeenth-century Christian martyr on Wednesday.

He will then witness the real problems of the church in Asia, the reason why a Third World country, dominated by Roman Catholicism, has virtually defied Rome and is attempting to promote all forms of birth control.

On Wednesday the Pope will be escorted to the district of Tondo in Manila, one of the country's worst slums, where he will meet "the poorest of the poor", staunch supporters of the Catholic Church who are living in supporting large families on minimal wages.

"We are not informing the families selected to meet the Pope in Tondo. If we did they would attempt to use their small savings to dress up for the visit. We want the Pope to see them at first hand", Father Melchor Dando, the local parish priest said.

However, Father Melchor pointed out that all of the families under review are Catholics and have six or more children.

Mr Michael Fernandez, a social worker said: "That should show the Pope why we must reduce our birth rate from the existing level of 2.3 per cent."



Bullock carts laden with baskets trundling under a welcome banner in Manila.

The Pope will call on the country's authoritarian leader, President Marcos, and his wife at Malacanang Palace tomorrow; but Cardinal Jaime Sin, the Archbishop of Manila, and the church, a leading champion on human rights, have been at pains not to associate the Government too closely with the Pope's visit.

"This is a pastoral visit. More than 85 per cent of 49 million Filipinos are Catholic and so we want to make certain that President Marcos is unable to use the visit to enhance his political ambitions", a prominent leader of the church, the country's main opposition force, told The Times.

The Pope will also fly to the southern islands of the archipelago to get a close view of an uprising of minority Muslim militants who are fighting for a separate Islamic state, a battle that has gone on for 30 years.

In sharp contrast to the poverty, political unrest and the deep seated roots of the Catholic Church in the Philippines, the Pope will fly to Japan next week to see the newly-found affluence and stability of a society motivated by Confucian ethics.

When he arrives in Tokyo the Pope will find the church as a small and unimportant religious minority within the social framework of the world's second largest industrial power. "The Catholic Church is tolerated and even admired in Japan; but we must accept the fact that we have failed to attract more than a tiny minority to our faith since Christianity was first introduced to Japan", Father Jaime Lopez, a visiting Jesuit, admits.

Statistics released recently by the Japanese Government reveal that about 1 per cent of Japan's 116 million people are Christians and only 400,000 of these have been attracted to the Roman Catholic faith.

The advance of the Catholic Church was retarded in Japan in 1620 when the Tokugawa Shogunate isolated Japan from the rest of the world and banned Christianity as a foreign religion.

Christians who refused to convert to Buddhism renounced their religion in public but remained "hidden Christians" until the Tokugawa dynasty was toppled in 1856 and Japan reopened its contacts with the West.

Father José de Vera, the dean of Tokyo's Roman Catholic Sophia university, recently told journalists that he hopes the Pope's visit will provide the Vatican with more understanding of the Roman Catholic problems in Japan and, at the same time, enhance the church's influence.

But despite the church's standing in Japan, there can be little doubt millions of curious Japanese will follow the Pope's visit with keen interest.

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Zimbabwe House opens its doors

By David Spangler
Diplomatic Correspondent

It was a great occasion, a sentimental occasion, a day to tug the memories of guerrilla fighters and Cabinet ministers alike, the reopening of Zimbabwe House in the Strand yesterday.

"When Dr Witness Mangwende, Zimbabwe's Foreign Minister, declared the new High Commission open for business in the building, now newly painted after standing empty for 15 years at Rhodesia's rebellion, it marked an extraordinary turning of the diplomatic wheel of fortune."

Lord Soames, the governor who had handed the colony over to independence, was in his most ebullient form, greeting like long lost brothers the new whom after a year and he had been battling with over the ceasefire.

Sir Alec Douglas-Home, former Foreign Secretary, was there, as was Dr David Owen, both politicians whom the Africans had many times decided and denounced.

It was also an occasion when bad news was coming from Zimbabwe, in the serious clashes between rival forces in Bulawayo. Dr Eddison Zvobgo, formerly Patriotic Front spokesman at the Lancaster House conference, now Minister of Local Government

and Housing, played down the reports of the fighting.

"The events in Bulawayo do not represent a setback in any shape or manner to the process of reconciliation", he declared firmly.

"You must understand that what has happened in Bulawayo was simply the fact of a few members of the armed forces, specifically ZIPRA, disobeying Government orders."

"It did not involve any civilians and the Government proceeded to deal with these acts of disobedience by disciplining the forces. The situation is absolutely under control. We have no anxiety."

Dr Zvobgo insisted that the fighting bore no relation to the Government's policy of reconciliation. "We let bygones be bygones, because to reopen the past is simply to prejudice our chances of reconciliation. The process of integration is succeeding very well."

One sign of this, certainly, was the presence yesterday of a white Zimbabwean, Mr Denis Norman, the Minister of Agriculture, who gave a glowing report on the new nation's progress.

"Agriculture is the big safety valve", he said. "It is the most important industry in the country and it meets three essential needs. It is the biggest employer of labour at 34 per cent, it is also the largest single

earner of foreign exchange, and it has managed to provide the country with its entire food requirements."

The only critical note, by contrast, yesterday was sounded by Mr Enos Nkala, the Minister of Finance. He feels aggrieved, and has not tried to express his views, about the British aid contribution to Zimbabwe. Although the Government has pledged £75m in aid, and written off £22m in debt, Mr Nkala objects to the British attitude, given its long colonial legacy in Rhodesia.

Lord Soames, with a friendly hug around the minister's shoulders, did his best to persuade him that Britain is doing a great deal, but Mr Nkala was not convinced. Next month an important aid conference, attended by Britain and other donor countries, will meet in Salisbury, to help Zimbabwe's development more substantially.

Dr Mangwende called on Lord Carrington, the Foreign Secretary, yesterday, where the main subject discussed was the future of Namibia.

Dr Mangwende's main complaint, made clear to the press yesterday, was that British papers gave a distorted picture of life in Zimbabwe: "The situation is not as bad as it is painted", he said. "We have achieved many successes. Governments failed to achieve in 20 years—peace."

Vote-catching budget in South Africa

From Our Correspondent
Johannesburg, Feb 16

South Africa was treated to a vote-catching mini-budget today when Mr P. W. Botha, the Finance Minister, announced a broad package of pay rises for public servants and pensioners and hinted at more tax cuts.

Voters go to the polls on April 29 and it was widely expected that Mr Botha, introducing a Rands 8,900 million (about £5,028m) part-proportion Bill would take steps to cure disenchantment of public servants.

Teachers, who have been leaving the profession in thousands for better paid jobs in the private sector, were singled out for a 20 per cent rise. There were 150 per cent increases for officers, the police, nurses and soldiers.

Four sentenced to death for Mozambique terror

From Ray Kennedy
Johannesburg, Feb 16

Four men have been sentenced to death and 27 to long Prison terms in Mozambique for crimes committed in the name of the Malawi-based Free African Movement.

The official Mozambique news agency, APM, reported from Maputo today that the movement was closely related to the Mozambique National Resistance (RNM) movement which President Samora Machel of Mozambique has claimed is backed by South Africa.

The four men sentenced to death were said to have spread terror in northern Mozambique and to have murdered peasants who had joined cooperatives and communal villages. The 27 jailed for between eight and 14 years were convicted of armed robbery, receiving military

training and recruiting rebels. There has so far been no official South African response to President Machel's denunciation of the attack by South African troops three weeks ago on a headquarters base of the outlawed South African National Congress (ANC) near Maputo.

President Machel paraded eight army officers, barefoot and manacled before a crowd of 50,000 people, and said they would be charged with treason and corruption. He said they had ordered their troops not to engage in combat with the South Africans.

But he made no specific threats against South Africa and there was no hint in his three-hour speech of any change in the economic relationships which are extremely valuable to both countries.

Solidarity union hopeful on labour truce

From Dena Trevisan
Warsaw, Feb 16

The first serious indication that Poland's independent trade union leadership is ready to accept the appeal by General Jaruzelski, the Prime Minister, for a strike-free period of 90 days came today in an interview with Mr Karol Modzelewski, the spokesman for Solidarity.

He left no doubt that the union welcomed the new Government and regarded its programme as creating a real chance for the dangerous trends in the country to be halted and for a new partnership that could usher in a new era in Poland.

The political climate has changed dramatically and the tense situation has calmed down. General Jaruzelski's 10-point Government programme has greatly contributed to this by his unequivocal pledge to

open a dialogue with the people. Solidarity, on its part, has taken several steps to stop the dangerous spread of local strikes. It has let it be known that some controversial issues will not now be negotiated under the threat of strikes but in a calm atmosphere, thus showing willingness to meet the Government's call for a truce.

General Jaruzelski's Government, the union spokesman said today, commanded respect in the country and was enhancing confidence, which is new in Poland as in the past six months similar Government appeals had fallen on deaf ears.

Mr Modzelewski spoke of the new Government's programme as providing a real chance for the country. What Poland needed, he said, was a strong Government as the danger was

in weak authority which failed to win social respect and tended to ignore the union by confronting it with fait accompli, such as was the case recently with the five-day week.

The Government must prove by its actions that it means what it said. One inescapable condition was to respect the partnership with the independent union and to seek together a way out of the crisis. The objective was not a mere 90-day labour truce but a long-term peace which, however, did not mean to say that there would be no strikes, he said.

The important thing was to avoid confrontation and to continue the dialogue. However, Mr Modzelewski emphasized that strikes in Poland were here to stay as a feature of the social and economic landscape.

But he left no doubt that a new relationship of trust was now beginning to emerge and that the union was ready to help the Government as an equal partner in public life.

From many parts of the country messages of support for General Jaruzelski's Government are coming in indicating how much the popular mood has changed. Although no predictions can be made as yet on how lasting this mood will be one thing is certain: General Jaruzelski's direct approach has swung public opinion to his side. And in this lies the chance of his Government.

Call for toughness: The Soviet Government newspaper Pravda tonight published an implicit call for tough Government action against extremists in Poland's Solidarity union who, it claimed, had embarked on a course of political subversion (Reuters reports from Moscow).

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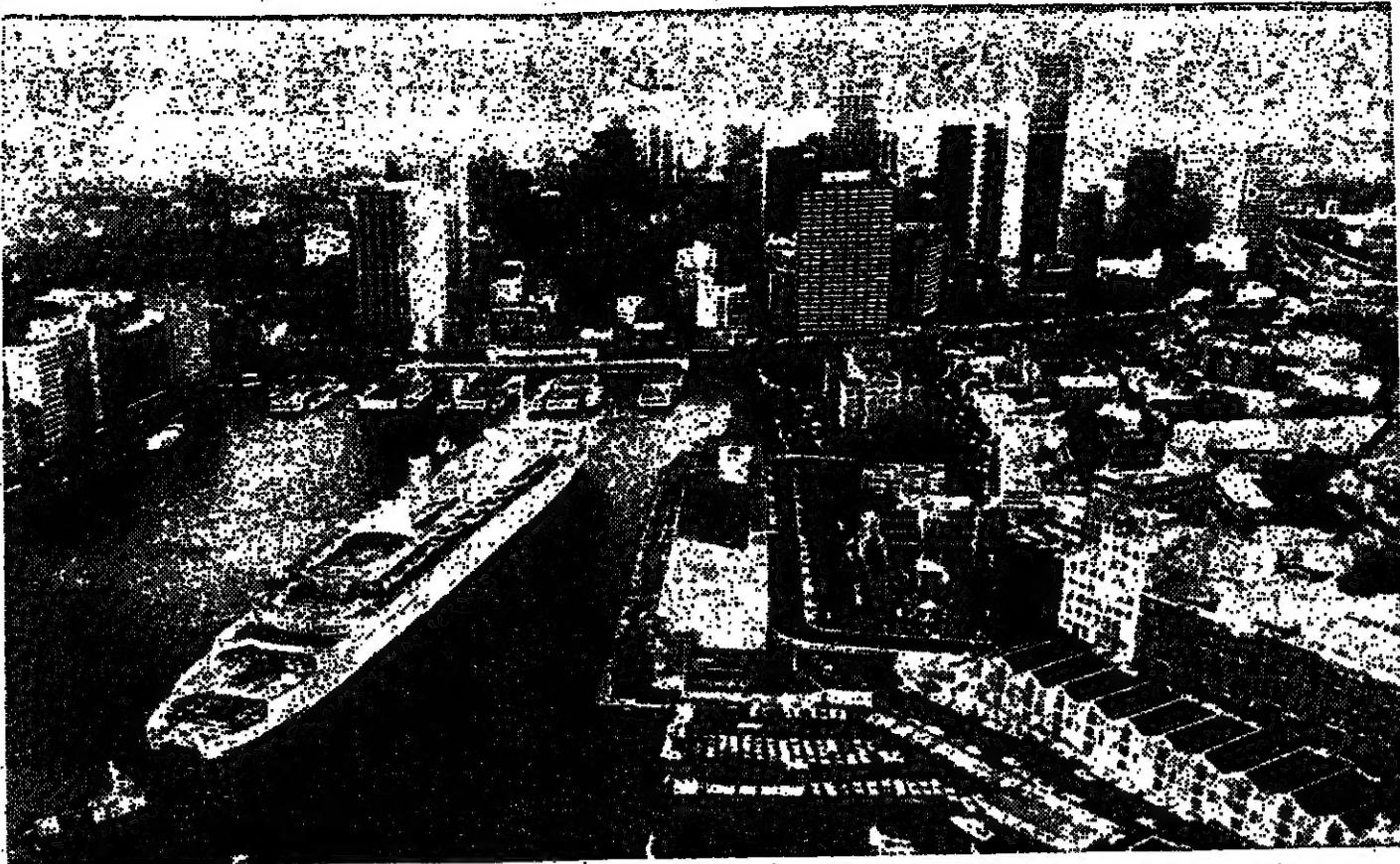
OVERSEAS

Setback for Israelis as court rules on electricity takeover

From Christopher Walker

Jerusalem, Feb 16
The Israeli Government today suffered a severe setback in its attempt to expropriate the Jerusalem District Electricity Company, the largest remaining Palestinian-owned business in either the occupied West Bank or the former Arab sector of Jerusalem.
In a controversial judgment, Israel's Supreme Court ruled that the Energy Ministry had no right to take over the Arab concession in the West Bank, although it was legally entitled to expropriate the Palestinian company's assets in annexed East Jerusalem.
The three judges requested the ministry to consider, in the light of the judgment, whether it now wanted to cancel any part of the company's concession. They also issued a 15-day injunction preventing the Israelis from taking over the East Jerusalem assets, indicating that such a move would have to be preceded by another court hearing.
It is estimated that the company serves about 40,000 consumers in East Jerusalem, another 30,000 in the West Bank, including a number of Jewish settlers, and Israeli army posts. Its headquarters and generating plant are in East Jerusalem.
Reading the judgment, Justice Yitzhak Kahane rejected the Government's claim that the takeover had been mooted purely for "economic or technological" reasons. The judges decided that it had been intended for political purposes and, as such, was illegal under the international law which applied to the occupied West Bank but not to annexed East Jerusalem.
Both sides claimed the verdict as a victory and Mr Anwar Nusseibeh, a former Jordanian Defence Minister and company chairman, said: "I am confident that the entire company will remain intact and under Arab control." Earlier, many of the 400 Palestinian employees had

pledged to resist any Israeli takeover.
A spokesman for the Energy Ministry said that Mr Yitzhak Moda'i, the Minister, would be studying the verdict before announcing his intentions. "As a result of the Supreme Court decision there is now no legal obstacle to prevent us winding up the company's operations within Israeli sovereignty," the spokesman added.
It was unclear whether the ministry will press ahead with this partial expropriation despite the implied disapproval reflected in the court's verdict. The minister is believed to be under pressure from some hawkish Cabinet colleagues to split up the company, despite the complications such a move would pose.
Since the takeover scheme was first announced in January last year, the electricity company's future has become an emotive symbol of the efforts by the local Arab population to resist increasing Israeli influence in both the West Bank and East Jerusalem.
Historically, the contested electricity concession is regarded as extending for 20 miles from the dome of the Church of the Holy Sepulchre. In recent months, both the opposition Israeli Labour Party and leading members of the Jerusalem municipality have bitterly criticized the takeover plan, warning that it could become the focus for serious new clashes.
Three Palestinians and two Egyptians have been charged with trying to sabotage the Israeli Embassy in Cairo (Reuters reports). The Egyptian state security services said yesterday that the efforts of the five were instigated by Al Fatah, the Palestinian guerrilla organization, and Syrian intelligence.
A spokesman said there was enough evidence to believe that an explosion last April at a synagogue in central Cairo was caused by people collaborating with the group.



The liner Queen Elizabeth 2 docks at Sydney yesterday during an 83-day round-the-world voyage

Patriarch's election eases tension in church

From Moshe Brilliant
Tel Aviv, Feb 16

Archbishop Theodoros of Ierapetra, aged 58, head of the Greek Orthodox community in Jordan, was elected Patriarch of the Holy Land today, defeating Archbishop Vasilios, the Metropolitan of Caesarea who had been favoured by Israeli officials.
The synod voted nine to five, the Church of the Holy Sepulchre in Jerusalem said and the decision was proclaimed by the ringing of the ancient bells.
Observers said the election of Archbishop Theodoros was expected to ease tensions in the Jewish state as the Greek Orthodox community from the patriarchate in Israel-controlled Jerusalem and to join the

patriarchate in Damascus which is headed by an Arab.
Archbishop Theodoros was responsible for 15 years for the Greek Orthodox community in Jordan although he was subordinate to the patriarch in Jerusalem.
"Slightly more than half of the 110,000 members of the community in the Holy Land are Jordanians. About 35,000 are Israeli Arabs and the rest residents of the occupied West Bank."
Israeli officials said the attitude of the community to the Jewish state was strongly influenced by the patriarch. Benedictos I, who died on December 10 at the age of 88, had maintained a warm relationship with the Israeli authorities, it was said.

Under his tenure the church leased lands to the Israeli Government for development projects including a national park around the old city of Jerusalem.
Israeli officials acknowledged privately that they had been dismayed by the prospect of bringing in a patriarch who had been expelled to Arab political views for a decade and a half.
Some lobbied discreetly for Archbishop Vasilios. Mr Teddy Kollek, the Mayor of Jerusalem, said he had told clergy members who he asked his advice that he regarded Archbishop Vasilios as someone he could work with.
Israel and Jordan had power to veto any of the candidates but the Israelis decided not to

veto Archbishop Theodoros. An official explained that Jordanians would have reacted by vetoing Archbishop Vasilios and creating a deadlock with Archbishop Germanos, an outright anti-Israeli, continuing to function as acting patriarch.
Officials said today their concern about the new patriarch had now been largely dispelled. At a reception in the patriarchate after the election today Archbishop Theodoros, speaking in Greek, said he desired to promote good relations with the Israeli and Jordanian authorities.
The Greek Orthodox is the largest Christian denomination in the Holy Land and the patriarch is recognized by other churches as the deacon.

The West Bank-1: Bitterness equalled only by some areas of Belfast Elections force renewed settlement drive

From Christopher Walker

Tel Aviv, Feb 16
The stubborn intractability of the Middle East crisis will ensure that in the coming months the attention of President Reagan, the European Community and the disgruntled Israeli electorate will become increasingly directed towards a stretch of land only slightly larger than Norfolk.
Covering a total area of 200 square miles, the occupied West Bank has become the focal point for the continuing struggle between Arab and Jew. No stranger over the centuries to occupation by foreign armies, it is destined in part or totally to provide the occasion for any successful attempt to establish a Palestinian homeland.
At present, after more than 13 years of Israeli military rule, it provides a bizarre contrast in cultures and a reservoir of inter-communal bitterness equalled only by some of the more violent areas of West Belfast. Prosperity and economic dependence on Israel are throwing side by side with a searing hatred of the Israelis and a significant radicalization in Arab political attitudes.
Stretching for 80 miles from Jericho in the north to just below Hebron in the south, the West Bank ranges from the fertile valley near the Dead Sea to barren mountains which rise to 10,000ft. In width it stretches as far as 34 miles from the bank of the Jordan, forming at its broadest point a strategic buffer which comes within nine miles of Israel's Mediterranean coast.
It was here at a hillside war



memorial near the old border that former General Ariel Sharon, Israel's hardline Agriculture Minister, recently took a party of British politicians to illustrate why his Government is determined that "Judea and Samaria" (the Israeli name for the West Bank) will never be handed back to the Arabs.
A huge bull of a man with an unshakable belief in the historical rights of Jews to sovereignty over the whole area, Mr Sharon pointed through the morning haze to Israel's main power stations, all within easy range of the former Jordanian artillery positions where he stood.
The future of this territory will be the most complex and controversial problem facing Israel," he predicted.
Mr Sharon is the political mentor of the extreme Jewish settlement group, Gush Emunim (Block of the Faithful) and has probably done more than any other Israeli in the past 13 years to transform the demographic map of the West Bank.
Undaunted by American criticism or the resentment of

moderate Israelis, he has pressed ahead with the skeleton of a controversial settlement plan which envisages 300,000 Jews living in the West Bank by the turn of the century.
Today, the size of the Jewish civilian population is 18,000, compared with a total of 720,000 Arabs. But that well armed, highly motivated and predominantly right-wing Jewish presence has increased fivefold since the Likud coalition came to power in May, 1977.
With less than five months to go before the general election which is expected to sweep Labour back to power, Mr Sharon and other Cabinet hawks are now devoting Government cash and political muscle to bolster the settlements before they make their expected return to the Opposition benches.
Since 1967, the Israelis have purchased, expropriated or otherwise seized for civilian and military purposes more than 370,000 acres of West Bank land, nearly a third of the whole. Of this, some 28,000 acres is already devoted to settlements which vary in type from expanding development towns (complete with industrial areas) to small clusters of mobile homes surrounded by ugly barbed wire fences.
"For the Arabs, the settlement issue is more dangerous than the occupation," Mr Elias Freij, the elected Palestinian Mayor of Bethlehem said. "An occupation may end one day, but the constraints threaten our very existence in the West Bank."

The Israeli Government always refers euphemistically to the West Bank as an "administered area" rather than "occupied territory".
For this reason, international criticism that Israeli policy is in breach of Article 49 of the Geneva Convention forbidding "individual or mass forcible transfers" into or out of occupied territory is neatly sidestepped.
Other standardized euphemisms now in official use include the "closing" rather than the "eviction" of Arab land, the "thickening" of Jewish settlements and constant reference to the Arab inhabitants as "the minority" (an observation which only applies if the West Bank is taken with the whole of Israel).
Over the past 13 years, the West Bank has also seen a dramatic change in its political make-up. The traditional, conservative notables who predominated before the occupation have now almost disappeared, having been replaced by a different breed of local leaders who claim a fierce loyalty to the Palestine Liberation Organization.
Since last May, the military government has employed a draconian security policy. Israel's political crackdown has promoted a displaced almost despising mood among West Bank Arabs. But it has singularly failed to produce one credible local Palestinian leader prepared to support the concept of limited autonomy outlined in the Camp David accords.
There will be four more articles in the series.

Unions plan to resist the Reagan budget

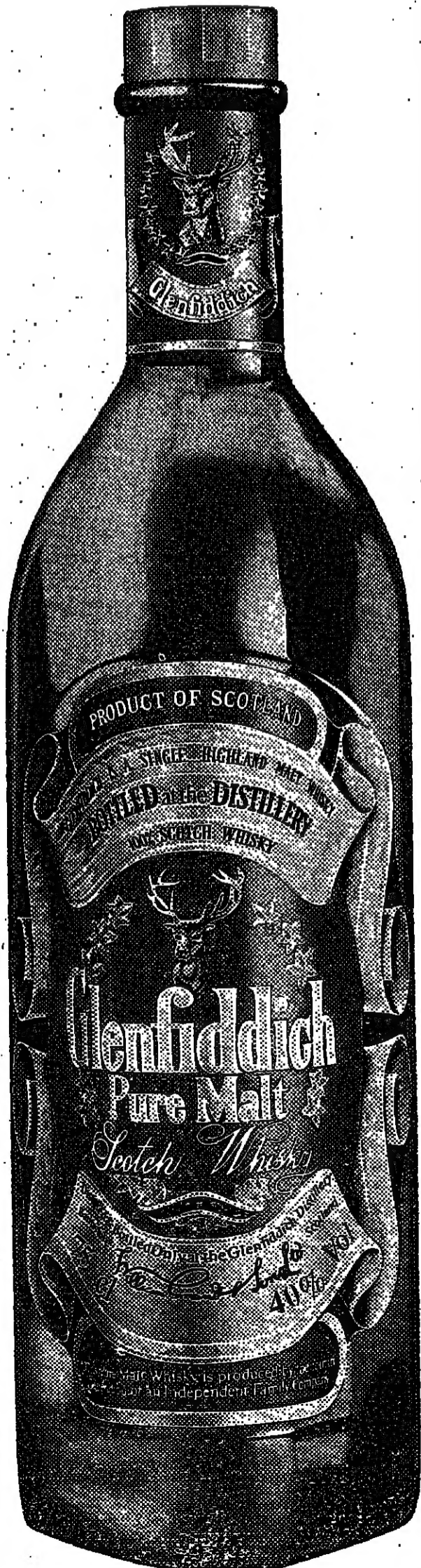
From Frank Vogl
United States Economics Correspondent

Washington, Feb 16
Heavy cuts in the United States government credit programmes covering the next four fiscal years will be part of the new economic strategy to be announced by President Ronald Reagan on Wednesday.
Administration officials believe these cuts will ensure that more funds are available in the capital markets for private borrowers and that interest rate pressures in the markets will be eased.
They also believe that cutting Government lending will make it easier for the Federal Reserve Board to control the money supply and that it will also secure greater efficiency in federal agencies.
The scale of the proposed credit programme reductions has yet been disclosed although officials leave no doubt that it will be very large. The President will announce up to \$53,000m (£22.65bn) of actual spending cuts for the next fiscal year on Wednesday, and full details of all the budget measures will be announced then and over the next few weeks.
The AFL-CIO trade union organization's executive committee is meeting in Florida this week to plan a strategy to attack the Republican Administration's economic programmes. On Thursday leading Democratic members of Congress are expected to open an attack on their own at a hearing of the joint economic committee.
In the forefront will be Henry Reuss, the committee's chairman, and one of its best known liberals, Senator Edward Kennedy.
The attacks by the Democrats, according to sources in Congress, will focus at first on the redistributive nature of the Reagan programme, claiming that benefits are being withdrawn from the poor while con-

siderable tax relief goes to better-off Americans.
The sources said it is unrealistic to expect more than half of the social welfare cuts to be approved by the Congress and these spending reductions will be matched by rises in defence spending advocated by Mr Reagan so that the whole budget exercise does not, in fact, lead to any fall in inflation.
To counter these expected attacks the White House is preparing a publicity campaign to parallel Wednesday's announcement of the new economic strategy.
The Administration's concern with credit programmes arises largely from the dramatic rise in federal debt. Latest budget office estimates suggest that the debt level will exceed \$950,000m by the end of this fiscal year, on September 30, after having increased by 42.2 per cent to \$931,000m during the four years of the Carter Administration.
The scale of likely credit programme cuts is indicated in Budget Office documents, prepared for Cabinet consideration, that discuss the programmes of the Rural Electrification Administration (REA), the Federal Farmers Home Administration (FHA) and the Tennessee Valley Authority (TVA).
In its confidential paper the Budget Office proposed that new loan commitments by REA be cut from April 1 by more than \$5,000m a year. The reduction sought in the TVA's borrowing is \$4,000m - from \$9,000m to \$5,000m over the next four years.
The Budget Office said the REA has grown to a size now providing annual loans of around \$14,000m to housing and community development in rural areas that could be just as well financed without Government subsidies by direct borrowing in the markets.
Leading article, page 13

Beware the Ides of March.

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Czechoslovakia expels several French diplomats

Vienna, Feb 16.—Czechoslovakia has ordered several members of the military section at the French Embassy in Prague to leave the country after accusing them of espionage.
The Czechoslovak news agency reported today.
It said that the French Government had also ordered two Czechoslovak military attaches from their Paris embassy to leave the country, in the face of protests from Prague. The French diplomats have been asked to leave Czechoslovakia "within a reasonable period of time" because of activities at variance with norms of international law.
Western diplomatic sources in Prague said those involved included two military attaches. They are believed to have already left the country.
Ceteka said the diplomats had been caught in a prohibited area in central Bohemia last December, and several days ago were picked up in another banned area in north Bohemia. The agency claimed that there was "documentary proof" that they had been engaged in intelligence gathering.
Last week, the British Government protested to Czechoslovakia about the treatment of an air attaché at the British Embassy in Prague who was forcibly taken from his car outside the city by uniformed police and held for a number of hours despite his diplomatic immunity.—Reuters.

Iranian intellectuals attack 'two years of tyranny'

Tehran, Feb 16.—A group of 38 prominent Iranian intellectuals, many of them opponents of the late Shah, said today that two years of Islamic rule had brought repression, torture and injustice to Iran.
The accusations were made in an open letter signed by writers, academics, lawyers and journalists who accused the Islamic authorities of violating human rights, showing contempt for the Iranian masses, suppressing ethnic minorities and leading the country towards economic disaster.
Academics in Tehran said the letter, circulated in the streets, reflected widespread anger and growing disenchantment among professionals and intellectuals with the way Iran is being run. The 21-point letter was issued a few days after the second anniversary of the Islamic revolution which overthrew the Shah.
Listing what it called acts of tyranny since the revolution, the letter said that authorities had been guilty of "filling the prisons with militants and libertarians and torturing them".
Accusations of torture were also made last November by President Abolhassan Bani-Sadr in a public speech which led to Ayatollah Khomeini setting up an investigating committee. Torture is a sensitive issue in Iran because of allegations of systematic brutality by Savak, the Shah's secret police.
Ayatollah Muhammad Reza Khatami, head of the Supreme Court, was quoted as saying today he did not know whether the torture investigation committee had completed its work and that it had been instructed to present its final report to Ayatollah Khomeini.
The signatories of today's letter included at least seven people who had served prison sentences for opposition to the rule of the Shah.
The newspaper *Islam* Revolution said today that several people were arrested after they waved pictures of President Bani-Sadr and shouted support for him during a speech by Hajjatoleslam Raisaniani, Speaker at the Iranian Parliament. The newspaper said four of those arrested were sentenced to whippings and several months in jail after being found guilty of disturbing public order at Teyssarkan 180 miles south-west of Tehran.—Reuters and Agence France-Press.

OVERSEAS

Chinese told to guard against excesses in anti-Maoist campaign

From Francis Deron
Agence France-Presse
Peking, Feb 16

The Chinese regime admitted for the first time today that the movement to "liberate the spirit", meaning the campaign against Maoism launched two years ago, has gone too far.

The People's Daily carried an article giving warning against excesses and signed by the newspaper's "special commentator", believed to be the pen-name of General Hu Yaobang, the Communist Party Secretary, who will soon take over as party chairman.

A stern call to order was published today by the *Guangming Daily*, read mainly by intellectuals, after protests from intellectuals against the abolition of certain forms of free expression including the writing of big character posters.

The People's Daily commented that "those who believe that the liberation of the spirit should lead to all sorts of unprincipled fantasies and limitless expression of any sort 'liberation of the spirit' was the slogan launched by Mr Deng Xiaoping, the party vice-chairman, in 1978 against excessive fidelity to 'leftist' Maoist ideas."

The commentary said: "The liberation of the spirit must not in any case lead people to go beyond the bounds of objective reality". It emphasized a need to bear in mind China's backwardness.

Observers noted that although the article refrained from using the same terminology as pro-Maoist party leaders who have been saying for some time that the movement has gone too far, the regime, which had so sharply criticized the pro-Maoists, now seemed to be agreeing with them.

The *Guangming Daily* noted that five months after the abolition last September of the right to put up big character posters which had been enshrined in the Chinese constitution since 1966, "there are still people in society who are attached to it. They dream of being able to unleash a campaign throughout society."

There has been some unhappiness among intellectuals recently over the regime's renewed aim to clamp down on all even moderate political demands.

The Chinese authorities for their part have accused activists and dissidents of wanting to spark a "second Cultural Revolution" despite their unanimous condemnations of the movement launched by Mao in 1966.

The *Guangming Daily* firmly warned "recalcitrant intellectuals that in no case would demands for return of banned forms of free expression be tolerated."

New Soviet protest over Japanese island campaign

From Michael Binyon
Moscow, Feb 16

For the second time within a month the Russians summoned the Japanese ambassador to the Soviet Foreign Ministry today to deliver a strong protest over the Japanese campaign for the return of the South Kurile Islands.

Mr Tokichiro Uemoto was told that the Japanese claims were "illegal" and that the campaign had recently taken on a nature bordering on enmity towards the Soviet Union. He was also told that the Russians held his Government responsible for organizing the campaign, and on the newly designated "day of northern territories" on February 7, 1980, acts were carried out against Soviet missions in Japan.

"Such steps may be qualified only as deliberately directed at worsening Soviet-Japanese relations," the protest said.

The Russians rejected any link between the campaign over the islands and Japan's refusal

to sign a peace treaty with the Soviet Union.

The Japanese stated the causes were well-known: "The unrealistic stand of the Japanese side and advancement of ungrounded demands, having no prospects by their nature for resolving the question which, in fact, does not exist in relations between our countries."

The note accused the Japanese of making it steadily less possible to conclude a peace treaty after the Second World War by allowing foreign military bases on their territory and making treaties with other states directed against the Soviet Union—a reference to Japan's military alliance with the United States and its 1978 treaty of friendship with China.

"How can one speak about the desirability of this while in fact, the Japanese are conducting various unfriendly campaigns."

Guyana poll rigged, report says

The election last year in the former British colony of Guyana was flagrantly and massively rigged, according to a report published yesterday.

It says there is overwhelming evidence to show voters were intimidated and cheated in the December election, which was "grossly unfair". The report, published by the British Parliamentary Human Rights Group, is by a team of international observers led by Lord Avebury, the Liberal peer.

Most of the coercion was applied by the ruling PNC party, led by the minority Afro-Guyanese, the report says.

"The Guyana Human Rights Association and other groups asked for international monitoring of the elections; the country has a history of unfair voting. But the Guyana Government not only refused to help the watchdog groups but actively tried to frustrate it at every turn," the observers say.

They found political control of the media and inaccurate voting lists. People were often wrongly turned away from polling stations. Some were told they were not eligible "because they were dead".

There was frequent double voting. Polling stations were delayed from opening in opposition areas.

Lord Avebury, who the report says was arrested on a trumped up charge on polling day, said the elections showed that the government of President Burnham was far from legitimate.

Something to Remember (British Parliamentary Human Rights Group, £5).

Opposition leaders held in Pakistan

Karachi, Feb 16.—Opposition sources reported today that the military authorities had arrested four leaders of Pakistan's outlawed political parties in the past five days.

According to the sources, the four—three national politicians and one local party leader—were among the leaders of nine groups which announced the formation of an anti-Government alliance 10 days ago. They are demanding an end to military rule and the holding of parliamentary elections within three months.

Police refused to confirm or deny the arrests, reported to have been carried out in Lahore and Multan, Punjab's two most populous cities. Under Pakistan's rigid martial law the authorities can detain people without charges and do not have to give details of their arrest.

The student unrest began in Multan last Thursday over a dispute with bus drivers. It quickly developed into an anti-Government protest, and spread to four other cities.

Other disturbances were reported in Quetta, capital of Baluchistan, and Malakand, in the semi-autonomous tribal region along the frontier with Afghanistan.

The Opposition sources named the arrested men as: Maulana Fadzur Rahman, head of Jamiat Ulema; Nawabzada Masrullah Khan of the Pakistan Democratic Party; Mian Mahmud Ali Kasuri, acting president of the Tehrik Istislati Party; and Mr M. A. Gohar, Pakistan People's Party chief in Multan.—Reuters.

Farmers' mass rally in Delhi backs Gandhi policies

From Kuldip Nayar
Delhi, Feb 16

Nearly one million people took part today in a farmers' rally organized by India's ruling Congress Party here to demonstrate its hold over the country.

Mrs Indira Gandhi, the Prime Minister who is also president of the party, called the rally in order to counter the impression created by recent farmers' protests, particularly in Maharashtra, that the Government was averse to paying a good price for agricultural commodities.

With 80 per cent of India's 650 million people living in villages, a ruling party cannot afford to upset the farming community. Furthermore, the Congress Party has been drawing its main support from the countryside.

In her address Mrs Gandhi tried to placate the "Kisan Bhai" (farmer brethren), as she put it. On one stage she said: "If it serves your interest, we are even prepared to irrigate fields with blood."

Several roads leading to

Delhi were closed to traffic as the sea of humanity waving Congress flags and banners flowed into the capital.

A considerable portion of the crowd was not wearing the traditional dress, *Pagri* and *dhoti*, indicating that many industrial workers, dressed in Western clothes, from neighbouring towns, swelled the farmers' ranks.

It was the biggest rally ever witnessed in the capital and £16m is said to have been spent in transporting lodging and boarding the demonstrators.

However, the opposition was not impressed by the rally. The main opposition parties boycotted today's session of Parliament, which was devoted to budget debates, in protest against "the anti-farmers' policies" of the Government.

In his speech in Parliament, President Reddy appealed to all sections of the community to exercise restraint in demanding higher wages and prices as this would increase inflation and reduce the resources needed for investment.

THE ARTS

A search for the painter's inner compulsion

William Johnstone
Hayward Gallery

Gerald Wilde:
Works from 1929-1981
October Gallery

William Scott: War
Paintings 1942-46
Imperial War Museum

Merlyn Evans: Seven
Paintings 1965-1968
New Art Centre

It is a brutal saying, and not entirely true, that those who can, do, and those who can't, teach. In recent years, indeed, many of our finest painters have been compelled to earn their bread and butter teaching in art schools, since they could not safely support themselves from painting alone.

But the fact remains that when the call of teaching in a man's life is blunted for his not being more widely known or more highly thought of as a painter, scepticism raises its ugly head. Last year the *Serpentine* bravely showed one such painter, Patrick George, and admirably though his work proved to be, on a certain level, one could see quite well why he had remained better known as a teacher than as a painter.

There was lacking some of that urgency and determination, and powerful individuality, which refuse to be denied in a really first-rate painter, however beset by economic difficulties he may be.

William Johnstone, now being honoured in his eightieth year, with a substantial retrospective at the Hayward Gallery (until March 29) is another such. Instead of George's evident placidity of temperament we encounter an erratic, extrovert and sometimes explosive personality; confirmation of that, were any needed, would be plentifully provided by his recent autobiography, *Painting in Time* (Hutchinson, £15), in which he joyfully lays about him, rudely, enjoying many a sacred cow of the art establishment (Herbert Read for one) off the field with fine abandon and disregard for the niceties of tact.

This same ebullient, combative nature applied to the business of painting should produce remarkable results—and every now and then it in fact does. There are several paintings in the show which are fine and memorable by any standards, and nothing which falls below a high standard of skill and competence.

And yet... It is easy to admire, if not exactly to love, the very dark and gloom early



Gerald Wilde: *Marriage of Heaven and Hell* (1971-72)

landscapes. The semi-abstracted symbolic works of the late 1920s, with titles like *Conception*, *Garden of the Hesperides*, and *A Point in Time*, have an easy monumentality and a very period "feel" to them. Throughout the 1930s he seems to have been preoccupied with teaching and writing educational books, and for all that we see here he painted very little until the late 1940s. When he took up painting again in a big way, it was more or less where he left off, with largely abstracted landscapes and figure compositions, and he seems to have reached a creative peak in the middle 1950s, with some really splendid abstracts, in the tone of the times (closely comparable to the Lanyon/Hilton/Heron/Forst group) in other words, success in colour and powerful in the simplicity of their form. After which—and after retirement an amazing amount of activity, almost all abstract, playing with oriental influences in some of the small landscape drawings and large calligraphic paintings, flirting with Abstract Expressionism as understood by Motherwell and the Barnett Newman of the paperworks, moving around doklops of grey plaster on grey paper, and spraying vast areas of canvas in delicately graded patches of pastel colour.

All of which is thoroughly admirable on a human level. So much so that, at least, one absolutely does not find oneself saying things like, "Well, he's a very old gentleman, so

we must make allowances". On the contrary, the very latest paintings are full of a youthful verve and vigour which wholly, joyously belie the painter's venerable age. On the other hand, looking over the fruits of a long, if still far from completed, career, it is difficult to avoid the feeling that the vital spark which makes all the difference between a good painter and a great painter is missing. The changes of style seem random rather than inevitable, and there are few pictures which convince one that they just had to be painted. Some of the works from the late 1950s, such as *Green Fields with Hayricks* and *Landscape*, both of 1957, and especially *United* of 1960, are among the best paintings of his period, which comes in the late 1950s and early 1960s. Some of the works from the late 1950s, such as *Green Fields with Hayricks* and *Landscape*, both of 1957, and especially *United* of 1960, are among the best paintings of his period, which comes in the late 1950s and early 1960s.

Gerald Wilde, now, is a very different matter. Born in 1905, he is already nearing venerability, too, supposing one could associate such a term with one so imprecise and unpredictable. And think what one will of his work, there is never any doubt that it has welled out of him in answer to some strong inner compulsion. The retrospective of his work scattered rather haphazardly round the Victorian school-building which now is the home of the October Gallery and Editions Poetry London (24 Old Gloucester Street, Queen's Square,

until March 7) covers more than 50 years, and even from the very first piece, a meticulously realistic lithograph of a *Dressing Table* from 1929, there is something strange and compelling about it. From then on he seldom looks like anyone else: the *Three Prostitutes* of 1937 has perhaps a hint of Barro, the *Pier Study* of 1938, with its fiery colouring, an anticipation of Piper the war artist. But with the expressionistic figure compositions like *By Grand Central Station I Sat Down and Wept*, and the subsequent slide into turbulent abstraction, he is right on his own.

It seems that at the end of the 1950s Wilde underwent some kind of spiritual awakening of the kind propounded by Jung, and it must be admitted that in his case the effects have been all for the good, since "thought-form" paintings, so dire in undisciplined hands, take on in his high-tension strength, and whether he is depicting *Specimen*, evoking *Pompeii* or simply letting the lines wander with controlled freedom across a blue ground, as in the beautiful *Painting* of 1975, there is no doubting the power and independence of his vision or the casual skill with which he puts it on paper.

Wilde is a perfect case for rediscovery. William Scott, one would think so famous that to rediscover him would be an absurdity. And yet, since artists do not always clearly understand their own value, there has remained an obscure

passage in his career which he virtually expunged from the records because he did not like the work he was then doing. Fortunately, the persistence of the Imperial War Museum has persuaded him to change his mind, and the results of his researches are now on show (until March 1) in a small show of his War Paintings 1942-46.

Apparently what he did not like about the paintings and drawings of this time was that they were to his eyes tinged with a baneful Neo-Romanticism which to this increasingly classical painter, concentrating Morandi-like on his pots and pans, was anathema. That may well be, but there is a sort of nightmarish intensity about the deserted, devastated street of *Night Cowboy*, or a poetic mystery about *Lovers* in a *Glowing Wood*, which, however unconvincing the Scott may now be, remain very personal to him as well as characteristic of his period. It is good to have this ample evidence that the lithographs in Patric Dickinson's anthology of *Soldiers' Verse*, the only examples of 1940s Scott which have been readily accessible for some years, were no fluke, and to see him take his rightful place again among the most distinguished of British war artists.

Merlyn Evans belonged to exactly the same generation as William Scott, and had he lived would now be 70. He, too, went through various phases, beginning as a representational painter, moving into a sort of free-form abstraction, then in the 1960s into a hard-edged, geometrical abstraction, and then in his last five years back towards a looser, more painterly approach. The seven paintings in the show at the New Art Centre, Sloane Street, until February 28, are all from the most rigorously abstract phase, and though they are sometimes recognizably akin to a content piecey work like Victor Pasmore's *Ben Nicholson*, they have a tough, brooding quality of their own, partly resulting from Evans's use of black in great solid masses, and partly from the way he troubles the eye by seeming to deal in straight lines and coldly regular forms, only proving at second glance to throw things subtly off with the faintest irregularity. Again, it is useful to be reminded that a painter who made his own way, and looked at this pivotal stage of his career, both back to the 1930s and forward to Robyn Denny and other painters of our own time.

I wrote about the Edward Hopper show which now shares the Hayward Gallery with William Johnstone from New York last year; I shall return to the subject next week.

John Russell Taylor

Trio Exvoco Round House

William Mann

The group now touring Britain for the Arts Council's Contemporary Music Network are three singers from the Schola Cantorum choir in Stuttgart; their title is abbreviated from *Expanded Voice Company*, their repertoire word-music whether sacred or secular, ranging from medieval and renaissance to modern. As expected, all three are accomplished singers, expert in patter, gurgling and vocal mimicry of all sorts. They play percussion as required, jump about, jump abjectly and leave no doubt that they enjoy their act and do not take themselves too seriously.

The English title of their programme, *Sound Hubbub*, is less explanatory than the German, which means "Sound Spectacle". The concept of noise as musical material was revived in our century by Luigi Russolo, by the Russian composer Messiaen with his music of machines, and by the Dada movement. From their beginnings, before the First World War, the Trio Exvoco range to John Cage and others in the present day.

The creators of Dada, well represented here, took nonsense as their stock in trade, witness Hugo Ball's singular *Phone*

Richard Williams

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Eschenbach/Frantz Queen Elizabeth Hall

Joan Chissell

Before taking over the baton last week at the Festival Hall, Christoph Eschenbach returned on Sunday afternoon as pianist to play Schubert with his customary purpose, just as Frantz, with one early rarity in the programme that did not find a place in their sequent centennial-inspired tribute to Schubert as duetist on disc.

This was the Variations in E minor on a French song ("Reposons vous, bon chevalier") which Schubert, barely come of age, dedicated to Beethoven. In his pleasure Beethoven is reputed to have played the work with his nephew, Karl, and not surprisingly, the piece is as arresting in variety of key in texture, its figuration leaving no doubt that it really was the piano, not the orchestra, through which Schubert was thinking. While respecting its intimacy, the duo revelled in its surprises and contrasts, ravishing the ear with their liquid tone, their subtly varied textures and their totally natural musical grasp.

Whereas here Mr Frantz was primo, in the Grand Duo in C of 1824, and the so-called "Lebensstürme" Allegro in A minor dating from Schubert's last year, Mr Eschenbach took

over the top. Not, of course, that in any lessening of responsibility for Mr Frantz, in the Grand Duo in particular, the thematic interest is equally divided. Again the partnership was exemplary.

Acute listening to each other, on top of intuitive sympathy, resulted in phrasing so closely matched, with the wind ahead in the argument so continuously sustained although shared, that the whole performance could have come from one pair of hands. In their fullness of sonority in climaxes they acknowledged that Schubert, in imagination, had transformed the piano into an orchestra. Yet there was no loss of clarity. Always your ear was directed to where it ought to be.

Possibly tension sagged a little in more intimate moments of the Grand Duo's first movement; possibly the Scherzo was over-deliberate. Yet the finale emerged all the more spirited in consequence. The unexpected *pizzicato* towards its end brought some touchingly beautiful, imitative part-playing from Mr Eschenbach. In the "Lebensstürme" both artists were keenly responsive to visionary key-surprises. As for the grandiose marches chosen as encores, their making way with the G major trio of Op 44 No. 2 in G minor will probably haunt all who heard it until they come and play to us again.

Some of the reviews on this page are reprinted from yesterday's later editions

Joan Chissell

London debuts

Two gifted young violinists, one British and one Dutch, demand pride of place. Of the two, it was Louise Williams, already known as a member of the Endellion Quartet, who provided the ripper enjoyment—not least because in Francis Grier she had an equal partner at the piano, like herself prepared to play the whole programme from memory with a totally natural, spontaneous musicianship concealing all interpretative calculation. The warmth and mellow fluidity of her tone and phrasing—in sonatas by Beethoven and Brahms were as persuasive as the streak of fantasy she found for Debussy, while Ysaye's second unaccompanied sonata gave proof of untrained technical command and control besides the range of colour so important in this *Dies irae*-inspired work.

The partnership of Theodora Gerazet, a prize-winner from Holland, and Marjón van den Hoek, seemed a little less convincing. Frantz's Sonata, in particular, Miss Gerazet needed

firmer rhythmic underpinning and stronger tone from the key-boards to help fill out the more expansive climaxes, just as in both this work and Beethoven's G major Sonata, op 30 (its outer movements taken daringly fast) the phrasing, though full of perceptive detail, needed a sense of direction rather longer lapped. But Pijper's first sonata (1919), left no doubt of Miss Gerazet's winning lyricism, while her spirited attack and precise inflection gave Schoenberg's Phantasy strong unity and character.

In their own countries, the two pianists habitually combine their platform career with teaching. Of the more successful in making his instrument sing—and speak, too. Music for him was plainly not just a sequence of sounds but a meaningful language. Ben-Zion Orgad's *Reshuvot*, specially written for him in 1978, provided the best outlet for his emotional fervour, expressed through impressive range of dynamics and colour. Schubert's

last sonata in B flat was also played with an affecting sense of valediction, though sometimes (and especially in the first movement) Mr Vardi was guilty of overloading and over-romanticizing music better left to speak for itself. If a little over-explicit in the second book of Debussy's Preludes, too, he nevertheless left no note unturned in his search for expression.

The Brazilian Miriam Ramos was a lady of strong-willed drive with too little sensibility and finger-tip magic. Even in a programme chosen more for extrovert excitement than deeper searching she missed opportunities for refinement and subtleties, especially in Chopin's B flat minor Scherzo and F sharp minor Polonaise and Schumann's *Faschingsschwank*. But when exposed to the bolder colours and more pugnacious rhythmic bite of her compatriots Lorenzo Fernandez, Mario Nobile and Villa-Lobos she was an advocate to be reckoned with.

LSO/Atherton Festival Hall

Paul Griffiths

Sunday night's concert, the third of the present series of the Stravinsky Festival, was an extraordinarily stimulating occasion, enough to make anyone wonder again at the variety of the composer's output. There is surely no other musician who could field four such diverse works, ranging in time from the Pushkin eclogue *The Fawn and the Shepherdess* of 1900 to the wistful play *The Flood* of 1962, and including also *The Star-Faced One*, a mystical vision of Christ in judgment vastly scored for men's voices and orchestra, and the operatic *Oedipus Rex*. Here was youthful romanticism and aged parsimony, religious exaltation and the didactic elucidation of a myth.

Stravinsky's death almost a decade ago it has begun to be possible to detect certain constants in his music, but a programme like this must give one pause. It is utterly baffling, for instance, that on the way from *Petrushka* to *The Rite of Spring* he should have written *The Star-Faced One*, a short and almost immobile cantata which fixes a halo of hazy harmony around the poem by Balmont. It is also odd to observe how in the Pushkin piece the young Stravinsky was willing to indulge in a gusty lyricism, leaning towards Tchaikovsky, and it hardly helps one to place these works to note that they share the mythological, Christian and Greek, of some masterpieces.

Wisely, David Atherton, conducting the London Symphony Orchestra, made little attempt to impose a common style on the evening, though he did show how many of Stravinsky's ideas, particularly those for solo winds, have an almost palpable feel and distinctive character, whatever the work. With his energetic rhythms and his sense of drama, he also seemed to remind us how skilled Stravinsky was as a musical dramatist, and it was good to hear *Oedipus Rex* for once made abundantly theatrical, the London Symphony Chorus, but blinded by the Latin, thoroughly living the words. The soloists were excellent too. Ann Murray, delightful in *The Fawn*, was a Jocasta of beautiful voice and vulnerable heart. Peter Dinklage, as *Oedipus*, took an opposite approach, sounding weak but singing with vaulting pride. The smaller parts were well taken by John Shirley-Quirk, John Tomkinson and Anthony Rolfe Johnson, all of whom were also involved in *The Flood*. But that work, even with Michael Hardern as narrator and Ronnie Stevens as Noah, seemed by comparison as wooden as the ark.

Any Trouble Marquee

Richard Williams

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Tom Foolery

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مكتبة من الأصل

Charlie Chan's yellow peril

The creatures who run television in America have raised cowardice to the status of an art form

have shown himself as quite

100

100

LONDON

N DIARY

Year	Percentage (%)
1990	65
1992	75
1994	70
1996	78
1998	85
2000	90

General Lloyd, while accepting that a political rather than a military solution must even-

Paul Routledge
Labour Editor

Nicholas Ashford

Some would say there still is a left-wing daily. But the dear old *Daily Mirror* is really much too sensible and considered in its outlook to be properly classed as such, although it provides a healthy antidote to the Torvism of *The Sun*.

But *The News Line* is really much too extreme to be regarded as anything other than the mouthpiece of an extremist faction.

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Gallop poll

Little did I realize, when I first mentioned it early last December, that so many of you would react upon it. (You may have read it elsewhere, but you read it here first). The announcement of a new Chancellor for London University, which should have been known on Saturday, has been delayed until today because the Senate House has been flooded by a tidal wave of voting papers. You may recall my pointing out that Princess Anne was the

This is the first time since the office of Chancellor was created in 1836 with the uncontested election of Sir William Cavendish, later Duke

Some more in the nasty trade as leaked me the short list. It includes the obvious suspects: Dick Francis, for those who like their crime on horseback; P. D. James, for those who like it

Double: blue

Those of you who appreciate whimsy will savour a rare and possibly unique illustration in the field of college headships at Oxford and Cambridge universities.

It arises from the appointment of Lord Adrian, professor of cell physiology at Cambridge,

Alan Hamilton

Miners v Tories: the supreme test that faces Mrs Thatcher



Mr Joe Gormley: who will be the next champion?

tion and much of the politicking is designed for internal consumption. There are elections pending at branch level and the whole union is gradually being cranked up into an electoral frenzy over the succession to Mr Joe Gormley, who is due to retire as national president. Accordingly, there is competition to see who can be the most vociferous champion of the miner's right to work.

This verbal willingness to take a hard line will be tried when the picketing gets under way. In the past two strikes it was picketing—particularly of power stations—that negated the value of large coal stocks and won the day. Under the 1980 Employment Act, picketing is now restricted to a trade unionist's place of work. Sympathetic industrial action

Is confidence enough to win the war in Namibia?

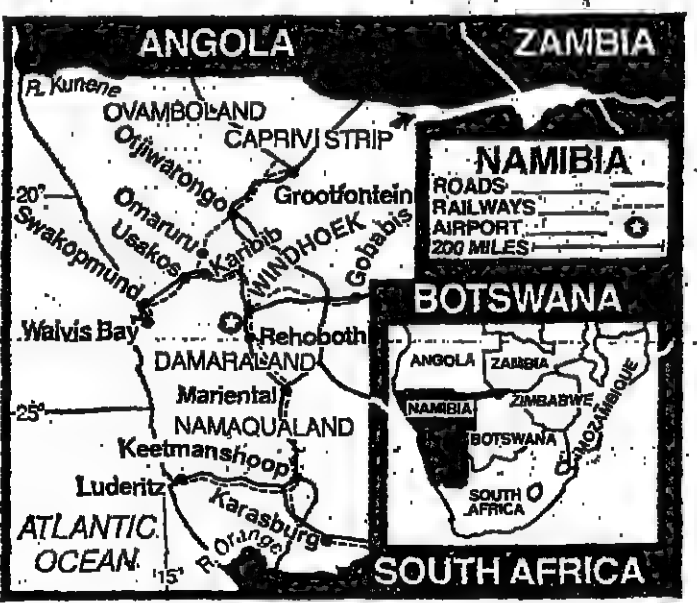
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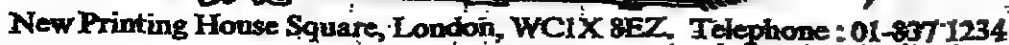
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Alan Hamilton



President Reagan is preparing taking a tough line. But his Yet the public

In broad strategic terms, therefore, Mr Reagan is right to be

There should therefore be a lively awareness on Capitol Hill as well as in the White House of the danger of whittling away the President's proposed economies one by one, while leaving the level of tax cuts unmolested. The Congressional process for handling public expenditure—which is far superior to that of the House of Commons—should also reduce this danger as it enables decisions on revenue and spending to be taken together. So there is less excuse in Washington than there is at Westminster for ignoring the implications for taxation of changes in expenditure.

To say that is not to suggest that President Reagan is wrong to seek major spending cuts. They are essential to his economic strategy and he is right to make them immediately. But Congress would be justified in questioning whether it is either necessary or wise to make such large reductions in taxation at the same time. This is what requires the cuts in expenditure to be so massive in some critical areas as to disturb some of those who support the President in his general strategy.

Stopping briefly at Karachi, as and universal

In Japan, the second of the four countries included in the Asian, the expectation is that Paul will expound on the other preoccupation of his mission: the dangers implicit in the arms race. He will speak Hiroshima and Nagasaki. One of the first Christian churches to flourish in Japan in the wake of the original Jesuit mission in the mid-sixteenth century was built at Nagasaki, and within fifty years it was the scene of a massacre of Christians. It has now acquired a more terrible

The personality of Pope John Paul in conjunction with the grandeur of the claims inherent in his office are enough to gather multitudes for these papal progresses through the countries of the world. At Karachi there was a reminder of the personal danger the Pope runs. The messages he brings are not always popular with his audience, whether the representatives of tyrannical regimes, or priests who have evolved a theology of liberation to the point of endorsing

The Roman Catholic church was, and still in many of its forms is, an ecclesiastical monarchy in which all authority is concentrated in the papacy along the channels of hierarchy and clergy, and mediated by the most august bureaucracy of them all, the Roman Curia. The Second Vatican Council gave emphasis to another strand in the church's traditions. *Lumen Gentium*, the council's dogmatic constitution on the church, transferred much of the weight to the local or national churches, guided by their own bishops and united through communion with Rome. In secular terms the structure is less of delegation; more of federation.

This alternative structure has made little progress in respect of how the church operates, though it has made much progress in respect of how it is conceived by its own members. The present Pope shows little enthusiasm for it as the experience of the synod of bishops last autumn testifies. He has not yet given the church the reforming attention its structures require. His magnificent peregrinations almost seem to be a substitute for it.

From the Attorney General
Sir: My Dear Honorable Sir:

his choice of tactics.

Our Parliamentary report (February 5) bore the heading "Embassy rescue: SAS not given immunity" and accurately reported me as saying: "The evidence was reviewed by the DPP, and by me. There was no evidence upon which proceedings in relation to the deaths of these terrorists could be instituted against Mr. Harris or the Director and myself in considering whether to institute criminal proceedings against members of the SAS applied the same criteria which we apply generally and that there was no question of special rules for the SAS."

From Dr. A. Shiromas ranking officials would not alter the

Yours faithfully,
A. SHIROMAS,
Crescent House,
The University,
Salford,
Lancashire.
February 9.

Yours sincerely,
AVTANDIL RUKHADZE,
c/o Novosti Press Agency,
4 Zubovsky Boulevard,
Moscow,
USSR.
February 9.

From the Chairman of the C
ting B...

Conviction and pragmatism are not alternatives in politics, they are mutual necessities.

From Professor Leon Lipson.
Sir, Neither President Reagan (speech, January 29) nor Brian Thoma's (letter, February 6) has got quite right the tenor of Soviet

Yours,
THORNEYCROFT,
Conservative & Unionist Central
Office,
32 Smith Square,
Westminster, SW1.
February 16.

From Mr Christopher
 Sir, I am very glad to hear

Yours faithfully,
CHRISTOPHER MAYHEW,
39 Wool Road,
Wimbledon, SW20.
February 13.

I suggest, Sir, that in Soviet intention words are not expressions, but moves.
Faithfully yours,
LEON LIPSON,
Endsleigh Court,
Upper Woburn Place, WC1.
February 6.

om Professor Phillip

is it not surprising to see how British press (but not the American one) has surrendered to P. P. (and, later, to that of the present Khmer leaders in Phnom Penh) arrogant order and now asks if it had just "discovered" that the country has "changed" its name to the "new" one. Actually it is not, and the use of the word "amputee" in the Western press is seemingly a product either of sheer ignorance or of some anti-Asian bias.

Should we, in the West, completely abandon the name which we have used for centuries, to stigmatize the countries which have changed the name? Shall every one of the words it uses in its own language? If so, we must change a lot in the list of countries.

27 Rue Saint-Sauveur, Paris.

From Dr H. Montgomery Hyde
 Sir, As the official biographer

The term Ulster, as distinct from Northern Ireland, is of purely topographical significance. One of the

Yours faithfully,
H. MONTGOMERY HYDE,
Westwell House,
Tenterden, Kent.

Sir, If fumes and gasses
— in billow in under's f

major hotels in London's West End
Vegas hotel fire report, February
12) should not gas masks be readily
available in such locations as multi-
storey hotels, theatres, etc ?
Yours faithfully,
JOHN DANIELL,
7 Bear Lane,
Henley-in-Arden,
Solihull, West Midlands.

**From Professor Peter
Sir Bernard Levin**

Barber, who died last month—he was an excellent songwriter and many of his other works remain in the repertory.

The difficulties the best modern American composers have in establishing themselves with the

From Dr Alison Jolly
Sir, Nicholas Ashford's art

Bushmen sometimes stole cattle from the racially and culturally different Bantu herdsmen, but for at least 20 years there was only one murder, and that was in a dispute over women, not cattle.

**They are teaching
how civilized Christ**

ALISON JOLLY.
School of Cultural and
Community Studies,
University of Sussex,
Brighton,
Sussex.
February 9.

From Mrs Judith T
 Sir. My reaction.

received a kidney donor card with his provisional licence, was rather different from Mr Curle's (February 9).

The inclusion had on him a sobering effect, which I, despite many warnings, had been quite unable to produce, and I welcomed it.

Yours faithfully,
JUDITH THOMPSON,
10 Hall Walk,
Wetton, Brough,
East Yorkshire.

From Dr A. J. Taylor
 Sir, Mr Hague's letter (F

Meanwhile during this present week news reaches me from Rome of the Government's impending withdrawal from the International Centre for the Study of the Preservation and Restoration of Cultural Property (ICCROM): a dubious economy even in the narrowest financial terms, since Britain's contribution to ICCROM, currently a mere \$65,000, is offset by the United Kingdom's annual receipt of about \$170,000 in salaries and other benefits to British citizens.

first and its present directors lie two out

well as two presidents of the general assembly and lecturers to the courses. The cultural arguments for United Kingdom representation in ICCROM are overwhelming, as it has enabled the British viewpoint to be represented through our participation in the activities of the Rome Centre, in the worldwide field of conservation of cultural property.

ICCROM can so acutely observe (February 7), the Trade Description Act should apply to political parties. Not least is this so when they set out to undermine (and will end up by destroying) this country's

Needless to add, the extinction of our part in ICCROM has been set in motion sub rosa: although (? because) the present president of the general council is also the United Kingdom representative (he also serves on the finance and programme committee), he has been at no stage consulted. Of the attempt to push through the closure of the Chancery Lane search rooms without any prior consultation with the Lord Chancellor's statutory Advisory Council on Public Records.

A. J. TAYLOR
Rose Cottage.

Seeing red
From Mr W. J. Strachan.
Sir, Although the scheme to repaint our red telephone kiosks yellow is at an experimental stage, may I raise one voice against any replacement of "pillar-box red" quickly identifiable and aesthetically pleasing red with a drab yellow?

contrast against materials in urban

We have had enough yellow with those bright double yellow lines spoiling (if of necessity) lovely village streets such as those to take one example—at Polruan in Cornwall. Before one more pot of yellow paint is flung in the face of the public at our expense £7,000 kiosks, let us close ranks in protest.

Yours faithfully,
W. J. STRACHAN,
10 Pleasant Road,
Bishop's Stortford,
Hertfordshire.
February 11.

RICHTER
and conduct

Fashion

by
Suzy Menkes

Moving up among the heavyweights

It is a long hard haul from the end of Wigan pier to the bright lights of the West End. The cardigan has taken longer to make it than many a seasoned trouper, but this spring it can rightly call itself a star.

I have seen the once-humble cardigan in every single designer collection—svelte in cashmere at Yves Saint Laurent, chunky in chenille at Hardy Amies. There are cardigans knitted in silk and plain wools embroidered with the most intricate gilded threads. There is now no fashionable occasion (Lanvin showed a lamé cardigan over a ball dress) when a cardigan does not look right.

The most popular cardigans for this spring are the heavyweights

that have elbowed out the jacket. The vogue for padded shoulders did a good deal to help the metamorphosis of the cardigan from drooping understudy to star performer. The shaping at the shoulders gave fresh life to knitwear, even for women who prefer the flatness of tailoring. The double-breasted or wrap-around cardigan jacket are currently the most fashionable shapes, and they are frequently translated into fabric to make a cardigan jacket out of cloth.

I think that the cardigan looks much better as an integral part of an outfit than as an appendage, which is how it always used to be worn over a summer frock on the sea front. The most desirable cardigans are those sold as part of

a three piece suit, the colours and patterns of the wool cunningly printed on to a cloth skirt or matched absolutely to plain trousers or a lacy sweater. The snag is that this kind of integration is very expensive, so you have to forget the idea that the cardigan might make a cheap and cheerful substitute for a new spring jacket.

The alternative solution is to make a ruthless study of everything in your wardrobe and buy the one cardigan which will tone more or less with most of your existing separates. In practice, I think you will find that this means navy or cream. An Aran-style cardigan or thick rib (Marks & Spencer have an acrylic version in camel, navy and red at £11.99) makes an

elegant jacket, if you wear it with this season's shorter skirts and a classy belt.

Because skirts are getting shorter, the cardigans are getting longer, at least covering your thighs and often growing down to three-quarter length. Worn with a pretty tie-necked blouse and a slim skirt, they really are smart enough to act as a light spring coat.

The first intimations of stardom for the cardigan came just 60 years ago when Coco Chanel set up her little shop in Deauville and used the inspiration of her Milord English lovers to touch English country casuals with French chic. I think that Madame Chanel would be well pleased to see her protégée celebrating its diamond jubilee.



Left: The stylish cardigan suit in cotton knit by Adrian Cartmell for Crocodile, Jacket £85, skirt £63, in white, taupe or turquoise, striped, sizes small, medium and large from Crocodile, Beauchamp Place, London SW3, The Piazza, Covent Garden, London WC2, Royal Exchange Shopping Centre, Manchester, Station Road, Solihull, West Midlands, and branches.

Above: Three piece shorts suit, jacket with contrast piping £59, matching top £41, bermudas £34.50, all pure wool in wine, cream or navy, from Arté, 12 South Molton Street, London W1 and 51 Brompton Road.

Above: Collarless double breasted, three quarter cardigan £28.40 in pure new wool in ten colours, matching cords £15.40 both from Benetton, 40

Hampstead High Street, 23 Brompton Road, London and Dublin and Cork branches. Checked shirt by Plume £15 from Crocodile, Hampstead, and branches. Shetland wool brightly striped sweater £19.50, (children's £14) from W. Bill, 93 New Bond Street and 28 Old Bond Street, London W1.

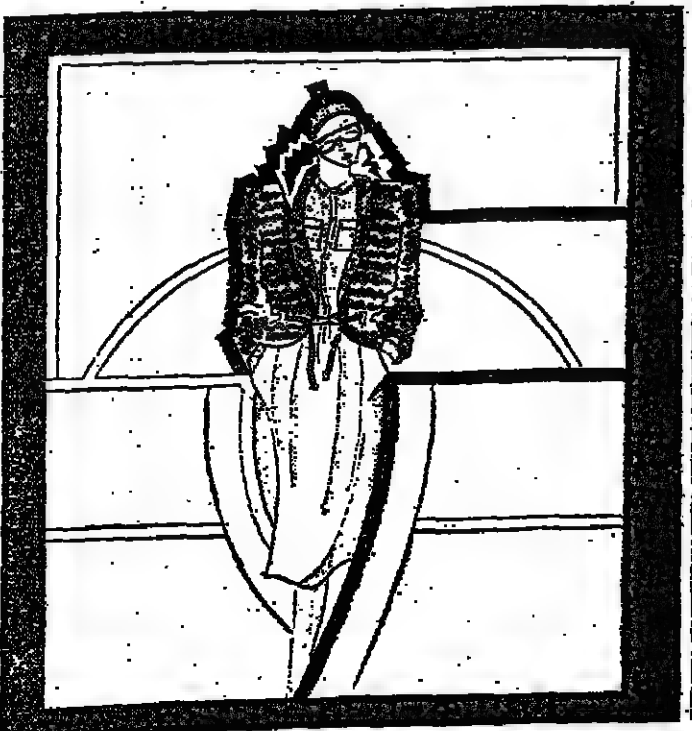
Checked wool gloves £2.50, and Elbeo ribbed tights £4.50 all from Fenwicks of Bond Street, London W1. Leather moccasins, white, blue or red with contrast stitching £14.99 from main branches of Freeman Hardy Willis.

Make-up by Arianne for Models One. Hair by Lundy at Toni & Guy. Photograph by Jeany



Above: The cardigan jacket in ribbed acrylic £19.95, in rust or black, pure wool skirt £29.95, in mint, peach, cream or navy and blouse £16.95, all by Reldan, sizes 10-16 from Barkers of Kensington, Frasers of Glasgow, Rackhams of Birmingham and Kendal Milne of Manchester.

Below: Cardigan outfit with knitted chenille jacket £130, in brown, pink, blue or grey, exactly toning cotton shirt £85 and silk mix skirt £75 all by Hardy Amies, 14 Savile Row, London W1. Drawings by Susan MacKinley.



Snippets



Embroidered organza ball dress.



Crewel-embroidered jacket with pleated wool-crepe skirt.



Printed crepe de chine suit.

Whatever the merits of newsreader Jan Leeming's singing voice, you have to admire her style. At six months pregnant, she consistently appears on television looking neat, elegant and with none of those awful touches of white at the neck or frills across the bosom that are traditionally associated with mothers-to-be. The peacock blue Gina Fratini dress she wore on the Russell Harty show was another happy choice.

Now that so many more women are holding down serious jobs right through their pregnancies, there is a need for more formal clothes (and especially well-cut separates) suitable for an expanding figure. Maternity shops have gone a long way to meet the market needs. Even Mothercare are rethinking their pinafore dress and flowered smock image and putting some jollier clothes like dungarees in their stores (but not yet in the catalogue). Famous names still seem to gravitate towards suitable dresses from ordinary fashion ranges. (This is the principle behind that rather good maternity shop, Great Expectations in London's Fulham Road, who stock designers like Paul Horne).

Princess Michael of Kent swooped on a trapeze shaped wool crepe dress by David and Liz Emmamall and a floating Indian silk evening dress for her continuing round of engagements before her new baby arrives in April.

Laura Ashley have found that their baggy dungarees, designed for kids, have been snapped up by stylish mothers-to-be.



Spotted-net blouse with flocked organza skirt.

All from Belville Sassoon, 73 Pavilion Road, London SW1.

Photographs by Harry Kerr.

Perhaps the most surprising appearance was the smock worn by Laurence Lipman (pregnant not to real life but in her TV series Agony). That innocent looking dress comes from Vivienne Westwood's shop World's End, the birthplace of

Pink bondage trousers and ripped T-shirts, now quite changed with a gentler fashion image. They were battling in Belgrave to get into the Belville Sassoon show last week. I was surprised to see such a quintessentially English audience abandon our tradition of queueing. But when I saw the ravishingly pretty clothes, so perfectly suited to the English woman's coloring, shape and social life, I realized that the show must be as much a part of the calendar as Ascot and Wimbledon.

The colour palette for summer comes straight out of a Gauguin painting, with absolutely none of this season's cruel khaki, but plenty of soft blues, sugar pinks and turquoise.

David Sassoon's silhouette is neatly tailored with some delicious crewel-embroidered jackets worn with pleated skirts and silk blouses to wear the show. Equally tidy are the navy crepe sailor collared outfits as Edwardian children's outfits come of age.

Since English women seldom shine with chic in a little black dress, I absolutely approve of David Sassoon's frilled organza evening blouses, silk taffeta ball gowns, printed with a prior of bows and decorated with real bows, and hand-painted chiffon crinolines.

For less formal occasions, the prints and colours are equally pretty, but made up into simple crepe de chine separates like a slim silky coat over a soft skirt.

SPRING CELEBRATION!



SPRINGTIME AT SIMPSON MEANS IRRESISTIBLE PRICES

This year, Simpson and their leading suppliers have designed and produced a range of quality Spring merchandise at advantageous prices. What's more, until the 28th February we'll give a bottle of Bollinger Champagne to everyone who spends £200 or more in the store in one day—so there's even more reason to celebrate!

Shown here: His DAKS two-piece suit £99.00, poly/cotton shirt £9.50, silk tie £3.95; Her DAKS blazer £89.00, DAKS skirt £45.00, DAKS shirt £22.00. Other super value items include: for men, DAKS two-piece suits £119.00, cotton shirts £16.50 and cashmere cardigans £49.50; for women, navy cashmere coats £275.00 and cashmere cardigans £49.50; for women, navy cashmere coats £275.00 and cashmere cardigans £49.50; for women, navy cashmere coats £275.00 and cashmere cardigans £49.50; for women, navy cashmere coats £275.00 and cashmere cardigans £49.50.

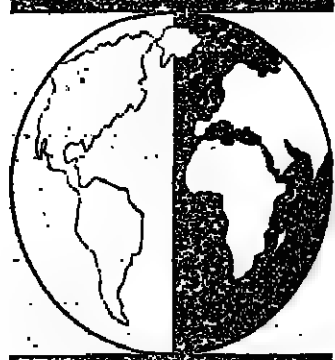
See the complete range in our showroom or send for brochure, Waterford Crystal Centre, Dept. T, 19 Rathbone Place, London W1P 2DH. Tel: 01-536 7581. Waterford is the Trade Mark of Waterford Glass Ltd.

Simpson

Insurance features strongly

\$ Forward bargains are permitted on two previous days.

[illegible]



Saudis near agreement on IMF loan

The International Monetary Fund and Saudi Arabia appear close to an agreement under which the latter would lend the fund billions of dollars to help it to meet increasing pressure from member countries for loans, according to monetary sources in Washington.

Under the Saudi Arabia would lend the equivalent of between \$3,700m and \$5,000m (between £1,608m and £2,174m) annually of surplus oil revenues over the next three years.

Anti-dumping duty

An anti-dumping duty of 4 per cent has been imposed by the European Commission on imports from the United States of styrene monomer, a raw material used in the manufacture of plastics. American sales into Europe, helped by artificially low energy and feedstocks costs, rose 31 per cent between 1978 and the first half of last year.

Controls relaxed

Mr Owen Horwood, South African finance minister, has announced minor relaxations of foreign exchange control procedures. Travel allowances to other countries will be raised to 4,000 rand a year (about £1,900) and to 7,500 rand for business travel.

Qantas losses

Qantas, Australia's international airline is losing A\$3m (£1.5m) a day because of strikes which have stranded thousands of passengers. A spokesman said all but one of the airline's 22 aircraft are grounded.

Hungarian loan

The National Bank of Hungary is raising \$150m (£65m) through a consortium led by Kuwait Foreign Trading, Contracting and Investment Company (KFVIC) and Arab Banking Corporation.

£130m Colombian deal

An Italian consortium including GIE and Impregilo, the Fiat subsidiary, has won a \$130m (£57m) contract to build a hydroelectric plant at Betania on the Magdalena river in Colombia.

Cambridge unit to develop new technology for share of licence fees

Commercial consultancy will help inventors

A new channel for commercial exploitation of inventions and new technology has been opened by Cambridge Consultants, the Arthur D. Little subsidiary in Cambridge, Science Park, Cambridge Enterprises, an independent unit within the consultancy, will work for clients in return for a share in licence fees and royalties.

The new unit, headed by Dr Robert Hook, will invest in development leading to prototypes and will meet other expenses at its own risk. But it will apply stringent criteria in its choice of inventions, accepting only those which, for example, will fulfil a sizeable market need, can be protected by patents or otherwise, and are demonstrable with a limited amount of development.

The company will require exclusive management rights, but will forgo them if agreed results have not been achieved within a specified period. Inventors will normally share revenues equally with the company.

Cambridge Consultants has already launched a number of products from its own research and development and this work is expected to continue.

An instrument that uses two laser beams to measure air pollutants over wide areas and in three dimensions has been developed for the Electric Power Research Institute in the United States by SRI International (formerly Stanford Research Institute).

The device, which is mounted in a trailer, is known as a differential absorption lidar, or Dial. Lidar (light direction and ranging) works in a manner similar to radar, in that a laser beam is transmitted and reflected, and then measured on their return.

Beams of ultraviolet laser light are

Technology News

swept across a plume of emissions from a chimney stack and the concentrations of gases present are measured. The instrument can be used to survey an area as far as two miles from the emission source to determine where pollutants descend to earth.

Gases such as sulphur and nitrogen dioxide are given off when fossil fuels are burned to generate electricity. Limits have been set on such emissions, but it has been difficult to follow their dispersion after leaving the stacks.

The Dial system has been tested at Commonwealth Edison's Kincaid generating station near Springfield, Illinois, and it is now likely to be leased by other electric installations.

Dr Glenn Hilt, of the research institute, says that the new instrument collects in one hour data equal to that gathered by 1,000 ground-based air-sampling stations.

The institute, based in Palo Alto, California, is a non-profit research organisation funded by more than 630 electric utility companies in the United States. SRI International is based in Menlo Park, near Palo Alto.

BMW, the German motor group and a leader in the application of micro-processors for cars, has devised a system which it claims will tell drivers when their vehicles need servicing.

The system was developed by BMW engineers at the company's headquarters at Munich to cut out unnecessary servicing

and to reduce motorists' costs. It is based on the assumption that because everybody drives a car in a different manner, mileage alone is a poor indicator of when to visit the garage.

A microelectronic monitor provides instant information about the state of the car's engine by recording the engine speeds that have been achieved, the mileage, the engine oil temperature, and the time since the last service.

Dr Wolfgang Peter Föhr of BMW's customer service department said: "Just consider stop-and-go traffic in congested cities, of the many times you start your car with the engine still cold, especially in winter, of the numerous warming-up phases with the engine running at high speeds."

Compared with such running conditions, long distance motoring with the engine at a constant temperature and engine speeds in the upper 'rev' range is quite a different matter."

The date for the introduction of the system as a standard feature has not been decided, but future BMW owners will find on the dashboard a panel of five green, one yellow and three red lights.

When the ignition is switched on, one or more of the green lights will come on to indicate the period up to the next service. When the engine fires, the green lamps go off and if the sensors detect that a service is needed, the yellow light will be switched on.

The red lights will come on only if the service interval has been exceeded. At the garage, a mechanic can cancel the lights and reset the system.

Kenneth Owen and Edward Townsend

LETTERS TO THE EDITOR

Finance for UK steel

From Mr Michael Grylls, MP for North West Surrey (Conservative)

Sir, Last week's holding statement on the British Steel Corporation finances, by the Minister of State Norman Tebbit, showed that the Government recognized the almost inevitable damage which could have been done to the existence of the up to now profitable private sector of the industry, through giving a blank cheque to BSC.

It would be a political paradox and industrial disaster if a Tory Government, accepting the "slings and arrows" of adherence to market disciplines, with inevitable loss in popularity, should at the same time become the instrument of bringing about by proxy a totally nationalized United Kingdom steel industry.

Up to BSC's disastrous strike in 1980, the nationalized corporation had lost £1,528m, while independents in the overlap area have made profits of more than £700m in the same period.

Both sectors are now faced with a disastrous recession in demand; some retrenchment capacity is now inevitable, without reference to ideological divisions. Mr Ian MacGregor has shown he sympathizes with the plight of the independents by agreeing to talks.

However, it would be fool-

hardy to leave this retrenchment solely in the hands of a bankrupt Corporation, only kept alive by colossal transfusions of taxpayers' money, at the expense of those independents who would have been the sole survivors if the pure market discipline had been applied.

The main task of BSC must be to manage the integrated strip mills and heavy plate and section mills, which are its monopoly in the United Kingdom and constitute three-quarters of its business. In financing this the Government must ensure, by Directions under the Iron and Steel Acts, and by positive intervention under the Industry Act, or administratively, that the BSC rescue operation is not done at the expense of independent producers in the overlap area.

If contraction or merger is required the Secretary of State has the power and the responsibility to ensure the national interest and the maximum support for private enterprise.

Let ministers insist on the establishment of Phoenix, the marriage of Cardale and BSC Scunthorpe, before handing over the cash.

MICHAEL GRYLLS, Chairman, Conservative Industry Committee, House of Commons, London, SW1A 0AA.

Too high a price for 'flat fare' buses

From Mr Arthur Super
Sir, London Transport has announced its intention to introduce a 25p "flat fare" on more than 250 suburban bus routes at the beginning of April. This will mean the disappearance of the present minimum fare of 12p, which will beyond any doubt cause hardship to many people.

I was astonished to read the London Transport intended to bring in the 25p fare even though it expects that up to 4 per cent of the passengers not using the 12p fare will stop using buses.

For years and years short distance passengers have been a substantial part of bus (and tube) travellers. It is not the height of madness to fix a "flat fare" at a level that will drive away a large part of the people on whom London Transport must depend for its revenue.

The advantages of "flat fare" travel will be bought at too high a price.

Yours faithfully,
A. SUPER,
49 Clapton Common, London E5 9AA.
February 2.

Cutting import costs

From Mr A. D. P. Edwards

Sir, The article written by Patricia Tisdall (January 26) headed "How Your Export Department Could Save You a Fortune" raises the vital issue of reducing manufacturing import costs and claims that the British Institute of Management's recent report on this issue demonstrates how a 2 per cent reduction in the cost of purchases can yield a 10 per cent addition to profit.

The report, however, makes no mention of the saving that could be achieved by British importers if only they paid greater attention to the appropriate use of currencies when placing orders on overseas suppliers.

The vast bulk of imports into this country are invariably paid for in foreign currencies, which means that the United Kingdom importer must either "take a view" on the future trend of the exchange rate, which is rather akin to running a casino, or he must buy the appropriate currency forward.

As most currencies in which we pay for our imports have been at a premium for the last 30 years it means that our importers have been paying over the odds simply for the privilege of paying their suppliers in their own currencies.

For example, a recent purchase of capital equipment from Germany payable in Deutschmarks over three years entailed the importer paying an additional sum by way of premium of no less than £300,000 purely for the privilege of paying his supplier in his own currency. This situation, at a time when we are all living in a buyer's market, must make a nonsense and in this particular instance entailed the importer in an additional cost of 14 per cent on the face value of his order.

In the case illustrated above as well as other imports from countries whose currencies are at a premium, the importer should insist on a firm sterling price calculated as near to the spot rate as he can negotiate.

It is estimated that, as a nation, our importers on average must be incurring an additional cost of between 5 per cent and 10 per cent on the vast majority of our imports and if the BLM report is anything to go by, a reduction in this figure would have an enormous effect on the profitability and competitiveness of British industry.

Yours faithfully,
A. D. P. EDWARDS,
202, Sedgley House, Barbican, London, EC2Y 8BX.

Authentic tartan

From Dr A. W. F. Erskine
Sir, I note with interest the caption beneath the photograph in the business section of The Times of February 3: "... No all tartans are as authentic as this Erskine".

I wonder how authentic I am; I had always been given to understand that mine like that of all lowland families had been devised in the reign of George IV by a Pole in Edinburgh. The authentic tartan were those worn by the highland clans proscribed after the Jacobite rebellion of 1746. The grandfathers of the lowlanders who came out of this picturesque fancy dress would have turned in the graves at this adoption of such savage highland customs.

Being no kill-joy, however, may say that I have wept many a time at the sight of the tartan of the Erskines of the 19th century, and I have wept many a time at the sight of the tartan of the Erskines of the 20th century.

Yours faithfully,
A. W. F. ERSKINE,
130 Walm Lane, London NW2 4RT.
February 5.

NatWest now in Sweden

National Westminster Bank is pleased to announce the opening of its new Representative Office at Arsenalsgatan 8B, Stockholm

to support trade and investment between the United Kingdom and Sweden and to extend NatWest services to the Bank's customers in Sweden

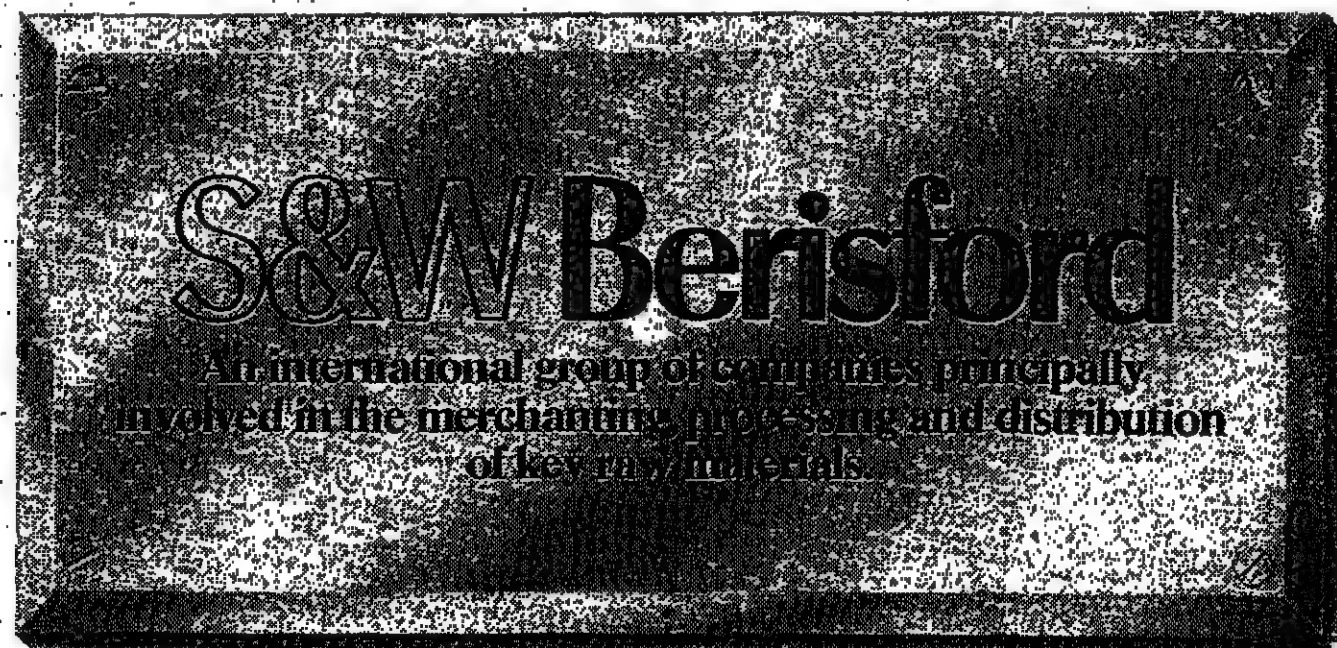
In Sweden contact:

Mr John M Lamb, Senior Manager & Representative
National Westminster Bank Limited
Representative Office in Scandinavia
Arsenalsgatan 8B, S 111 47 STOCKHOLM
Telephone STOCKHOLM 14 33 95
Telex 15050 NWBSWE S
Telegraphic Address NATWESBAN STOCKHOLM

In London contact:

Senior International Executive for Eastern Europe & Scandinavia
International Banking Division
National Westminster Tower
25 Old Broad Street
London EC2N 1HQ
Telephone 01-920 5512 Telex 885361 NWB LDN G

National Westminster Bank Limited
'A Worldwide Bank'



Strength in diversity

In his annual statement to shareholders, Mr E. S. Margulies, Chairman, reports that, despite a most difficult year and continuing high interest rates, turnover and profits reached new record levels.

A total dividend for the year of 9.75p net per share is recommended—an increase of 30% on last year's payment—together with a 1-for-2 scrip issue.

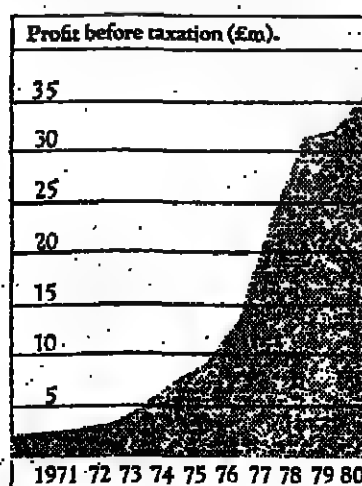
Shareholders' Funds now amount to £165 million—an increase of £44 million, whilst borrowings at the year end have been substantially reduced compared with the previous year.

Referring to the bid for British Sugar Corporation, which is currently being considered by the Monopolies and Mergers Commission, Mr Margulies says: "We remain convinced that there is no aspect of the proposed acquisition which could either detract from the degree of competition which already exists in the sugar market or which could in

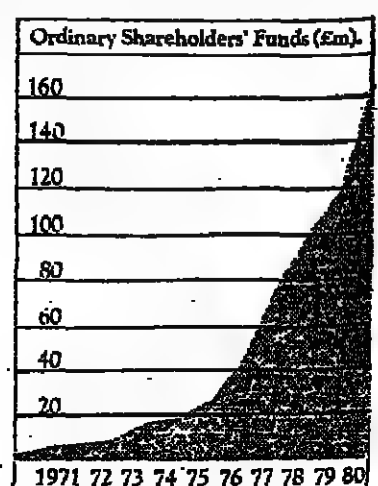
any way be found to be against the public interest. We further remain convinced that a merger between the two companies would serve the best interests of our shareholders, the shareholders in the Corporation, the farmers, the employees of both companies and H.M. Government which would have the opportunity to divest itself of an investment in the private sector."

The Chairman concludes his statement: "It has been a most difficult year for all of us but our results, of which we are justly proud, prove the continuing strength which lies in diversity, and the further strength which lies in our inherent liquidity."

It seems probable that the present world-wide recession will be with us for some time. Nevertheless, we are as determined as ever that our growth will continue and that our shareholders will continue to receive as generous a return on their investment as they have received hitherto."



SUMMARY OF RESULTS			
Year ended 30th September	1980	1979	
Turnover	£2,452.54 million	£2,170.17 million	
Profit before taxation	36.12	32.23	
Ordinary Shareholders' earnings	27.05	25.53	
Ordinary Dividend	10.15	6.69	
Shareholders' Funds	163.28	119.54	
Earnings per share	28.03p	27.66p	
Dividend per share (net)	9.75p	7.50p	
Dividend times covered	2.66	3.78	



Copies of the Annual Report, containing the Chairman's Statement in full, may be obtained from The Secretary, S & W Berisford Limited, Berisford House, 50 Mark Lane, London EC3R 7QJ.

The Annual General Meeting will be held at the Tower Hotel, St. Katharine's Way, London E1 at 12 noon on Monday, 9th March 1981.

BY THE FINANCIAL EDITOR

B&E proves the small investor is still alive

Anyone and everyone connected with the British Aerospace launch were patting themselves on the back yesterday over its encouraging reception.

In contrast, the stockmarket was taking a more prosaic view that the 34 times per subscription was not as great as expected, although it is quite likely that a number of institutions had pulled in their bidding horns because of the medium-term profit worries implicit in the prospectus.

The overriding impression is that the publicity machine put into top gear for this crucial Government privatization step has ticked in many more small investors, visible or otherwise, than a run-of-the-mill offer for sale.

Excluding employees, the 155,000 applications is a very high figure compared with the 36,000 applications for the 88 times per subscribed Eurotherm issue two years ago. While it is always hard to generalize out the source of share applications—situations do not always apply in their own names and wealthy individuals often use a mince—the sheer weight of small investor interest has allowed this to be satisfied in 11. Best guesses yesterday were that roughly 80 per cent of the 100m shares on offer will end up in small shareholders' hands.

Leinworth Benson, the issuing house, maintained yesterday that in arriving at the basis allocation while satisfying the Government's wish to favour small shareholders it is taken full regard of institutional demand as well and if it is right there is unlikely to be much pent-up demand from institutions frustrated by the basis of allocation.

Yet that 80/20 split hardly corresponds to the normal pattern of equity shareholdings. Even though there is a ready institutional appetite for a better than average engineering share like B&E, the degree of private staging in this issue suggests there is a steady bid especially if the stockmarket has as poor a run-up to the budget as it did yesterday.

The institutions will then not be willing to chase the price too high and the expected 1 per cent premium when dealings start on Friday may not last all that long.

Aurora

Operational

Price movements tell their own story as the steady fall of the shares of Aurora Holdings, private steel maker and engineer, shows. Over 18 months the shares have fallen from 2p to only 26p now; the stock market feels at after a maintained interim dividend, the fall is in some doubt, but the balance sheet stronger than it might appear at first glance.

Yesterday Aurora announced the successful raising of nearly £1.3m of new money at favourable rates from the Department of Industry and the European Steel and Coal Community. These loans which were first requested in 1979, will be used to rationalize the group's steel activities, which, after the acquisition of Samuel Osborne and Edgar, are now to be concentrated in two sites instead of seven.

But steel only accounts for some 15 per cent of the group's business. The rest is a mix of engineering companies, most of which have followed the engineering trends Britain and have been under recessionary pressure. But the two companies in New Zealand and Australia are highly profitable. Although profits will inevitably be substantially down on the £3.8m, however, Aurora may survive the present recession better than some which are in the same predicament.

Over the past year it has taken action to improve its finances. It has sold properties of various assets in an attempt to reduce uncomfortable borrowings.

In last year's balance sheet, borrowings were 107 per cent of shareholders' funds, thanks to the action taken—even though interest payments will rise from some £3.5m probably £6.5m—it has managed to de-lever slightly to around 100 per cent of shareholders' funds.

Stocks which in the balance sheet appear £44m have almost certainly fallen. If the

recession tapers off soon and is followed by a recovery a highly-gear company like Aurora could yet stage a sharp recovery.

The shares are on a prospective yield of 8.2 per cent assuming no final and a p/e ratio of around 5. If the group makes, say, £2.75m profit—but that is an optimistic assumption.

House of Fraser Louhio applies pressure

Nor surprisingly, the offer document from Louhio detailing its 150p share cash bid for House of Fraser is a slim volume. Mr Rowland's camp, presumably feeling that only a Monopolies Commission reference or the emergence of a counter-bidder could bar its path, does not feel it necessary to waste words on exhortations to Fraser shareholders at this stage.

Interestingly, a proforma statement of combined assets, deducting the £161m total cost of the bid from group resources—but of course ahead of Fraser's much vaunted asset revaluation—shows a combined group with net assets of 174p and gearing, excluding Louhio's confirming activities, of around 75 per cent.

After the revaluation, however, combined net assets could, presumably rise from £453m to something over £600m and reduce gearing to nearer 50 per cent, producing what looks like a very good deal for Louhio in balance sheet terms, notwithstanding the traditional argument about returns on retail assets.

The revaluation, of course, will be a major plank of Fraser's defence, but one which Louhio may not have too much difficulty in knocking down. Its own shares stand at 99p, representing a 43 per cent discount on net assets; Woolworth's share price is but a third of assets on a historical valuation and Debenhams' under a half.

Meanwhile, with full-year figures approaching which could put an exit p/e ratio on Louhio's offer of something like 18, Professor Roland Smith's team at Fraser may have their work cut out even to push Louhio up to 175p a share mark, which market observers see as the optimum figure.

A casual observer may be forgiven if he found himself bemused by yesterday's events. Here was the Department of Trade reporting by far the biggest monthly trade surplus ever recorded—a massive £957m on current account—yet there was sterling finishing the day almost 3 cents lower against the dollar at \$2.2570.

As far as sterling's performance is concerned, the explanation is very simple. International investors are continuing to scramble aboard the dollar bandwagon as fast as they can. President Reagan is the man of the moment; the dollar the currency of the moment. How long all this will last is another matter. Certainly, the free fall possibilities given any reversal in sentiment are frightening.

On the face of it, there is no reason why the present honeymoon period with the dollar under new management should not last for some time. Tomorrow the President will unveil a major programme of public spending cuts. The Federal Reserve has already pinned its colours to the mast of sound money.

So what are the problems? First, there is the question of the overall fiscal strategy. Taking in proposed tax cuts, will the overall package add up? Secondly, there is the question of the Fed's response to what the President proposes. The nagging doubt on this score must be that a promising looking fiscal package might be used to justify the acceleration in dollar interest rate cuts that some European governments are now extremely keen to see.

What, then, of the UK's January trade surplus? Even allowing for a number of favourable factors, such as a particularly favourable position on the oil account, the surplus is enormous and looks to be almost wholly attributable to the continuing export of domestic despatches and imports. While that suggests further improvement in the liquidity position of the corporate sector, it also raises the question as to the nature of the balancing outflow on capital account.

The letters MTFS may not instantly evoke a response from the man in the Clapham omnibus, but they must now be haunting the waking hours of Sir Geoffrey Howe in the run up to his third full Budget. For, as every reader of this newspaper knows, they stand for the fairly painful financial strategy, which is Sir Geoffrey's personal contribution to the form and content of the Budget speech.

The MTFS when it was unveiled after much internal argument and agonizing about the wisdom of giving such a hostage to fortune, was not to be confused with an old-style "national plan". It was concerned only with those very few things over which the Government has actual control.

These were asserted to be government borrowing, government spending, government taxing and the supply of money in the economy. Targets for each of these magnitudes were set out for the four years to the end of this Parliament in a pattern consistent with a steady fall in the rate of inflation.

It is necessary to spell out the bias of the MTFS in order to see the practical and presentational problem that faces the unhappy official in the Treasury even now working on a stiff early draft of what the Chancellor will eventually say on March 10.

For at the heart of the strategy "is a target for a steadily declining growth of the money supply, that is set alongside policies for Government spending and taxation which will underpin the objective" (Chancellor, March 26, 1980). The rationale of this policy was that "inflation cannot persist in the long run unless it is accommodated by an excessive expansion of money and credit".

When, eight months later, the Chancellor was once again standing to make a mini-budget statement to the House he had to admit that as of that moment all previous statements about monetary targets had become inoperative. But, he said, he shall announce a new target in the Budget.

In the time that has passed, since that promise last November attitudes to monetary targets have undergone something of a change. The measure in the volume of government spending "sterling M3" has been losing friends.

Chloride was being given benefits "no less than those received by de Lesseps when he built the Suez Canal", the article suggested. This was an apparent reference to the 6 per cent royalty on net profits which will go as a licence fee to the Chloride group. Accentuating the charge of "foreign exploitation", a cartoon showed a fang-toothed capitalist, wearing a hat labelled "foreign companies" swallowing an Egyptian peasant, marked "public sector".

Such criticism has not been lost on the Egyptian Government. In June last year, Dr Abdul Rezzas Abdul Meguid, the deputy prime minister for the economy, stated that no more deals of the Chloride type would be taken place. He denied charges by union leaders that the public sector was being "sold off".

For Chloride, the affair has been a frustrating waste of time and effort. "We have just spent three years of negotiations to build ourselves established, and now we find ourselves involved in civil litigation at our own expense," says Mr Cameron, "even though no illegality had taken place, we had to go to a lot of trouble to prepare a proper defence".

Not has the path for Chloride Egypt been smooth in other directions. Allocated a place on an "industrial estate" on the desert road to Alexandria, the company has found itself entirely responsible for providing infrastructure.

"We have had to build our own road to our site," says Mr Cameron. "We are having to pay for the electricity to be supplied from the distribution station, and we are having to build the distribution station for the electricity authorities."

"We are now having to lay our own four-kilometre pipeline for water, and we are having to put in our own sewage disposal units. There are no plans for laying cables, no telephone and no plans for telephone lines."

Kate Finch

A waking nightmare for the Chancellor

Hugh Stephenson

The betting is that the target announced on March 10 will be expressed in terms of more than one measure and will in general have a more stable and discretionary quality than the March 1980 version.

The MTFS waking nightmare, however, is not really to do with the money supply targets which have caused so much embarrassment. Certainly there are technical and presentational problems in this area. It seems to be proving, for example, much more difficult than the Chancellor supposed in November to produce a sensible definition of money that separates out retail deposits in the banking system. The central problem for the Chancellor has much more to do with what he called the underpinnings, government spending and taxation.

For in order to achieve the orderly reduction of monetary growth and inflationary expectations over a four-year period, without creating extra and intolerable upward pressures on interest rates, the strategy assumed a steady fall in the volume of government spending over the four years, combined with a

steady growth of tax and other revenues over the same period. This was to have given the Government a borrowing requirement falling both in absolute terms and plummeting as a percentage of the gross domestic product from 3.1 per cent in the current financial year to 1.3 per cent in 1983-84.

Alas, as we already know, this year's borrowing will not be £5,500m, but nearer £13,000m to £14,000m. More serious from the point of view of the MTFS, two years of continual public expenditure cutting exercise has resulted in a situation where spending levels this year will be some 12 per cent higher than they were forecast to be at the outset.

The chances of the volume of public spending actually being reduced year by year over the rest of this Parliament are effectively zero. For it is clear that Mrs Thatcher's government has exhausted its physical, emotional and political capacity to go through another major cutting exercise. And in that case, inherent upward pressures for more spending will reassert themselves in the next three years.

Trouble on the road to Alexandria

Cairo

Going into a joint venture with a government-backed company of the same name, Chloride, the world's largest manufacturer of car batteries, obviously thought so.

Chloride Egypt was established last year as a joint venture between Chloride and the Egyptian public sector General Company for batteries, "Genbat". Production is due to start at a new plant in 1982. Last June, however, the company ended up in the Egyptian courts.

It faced the charge that it was a "conspiracy against the Egyptian public sector"—and the possibility of an immediate injunction bringing the project to a halt. In December, after six months of hearings, a lower court ruled in favour of the defendants. Now the case goes to the Egyptian Supreme Council for review.

The case was brought by two local unions, the General Engineering Union and the Genbat Labour Union. The defendants are Chloride Egypt, the Egyptian Ministry for economics and industry, and Genbat's chairman.

The unions have been backed, Chloride's legal advisers claim, by "well known left-wing sympathizers", who oppose the breaking up of Egypt's privately owned public sector, established as part of Gamal Abdul Nasser's ineffective industrialization programme during the 1950s and 1960s.

By taking Chloride to court, the unions are making a public attack on President Sadat's open-door policy, which seeks to attract foreign investment by offering a number of incentives, with the aim of increasing Egypt's poor industrial output.

Had Chloride lost the case, the effects on future investment by foreign companies would have been disastrous, says Mr Andrew Cameron, Chloride Egypt's managing director. As it is, news of the case has alienated Egypt's at least one major investor, the project from Egypt, and stalled investment decisions by other companies.

Mr Cameron dismisses as "scurrilous accusations" the charges brought against Chloride, which included allegations that Chloride was a "bad" company, that illegals had taken place in the establishment of the joint venture, and that Chloride had been granted a monopoly.

The single charge with substance was that Chloride will employ only 70 per cent of the workforce at the existing Genbat lead acid factory, which will close down when the new plant starts production. But the

remaining 30 per cent, who as public sector workers cannot be dismissed, will be absorbed elsewhere.

In Chloride's view, the company will benefit the local economy. The batteries produced by the new plant will be of an international exportable quality, and will replace the present poor quality product.

Local newspapers have been aggressive. The government newspaper El-Masara carried a long two-part article on the affair, under the banner headline "100 per cent successful Egyptian company being sold to unsuccessful English company".

Chloride was being given benefits "no less than those received by de Lesseps when he built the Suez Canal", the article suggested. This was an apparent reference to the 6 per cent royalty on net profits which will go as a licence fee to the Chloride group. Accentuating the charge of "foreign exploitation", a cartoon showed a fang-toothed capitalist, wearing a hat labelled "foreign companies" swallowing an Egyptian peasant, marked "public sector".

Such criticism has not been lost on the Egyptian Government. In June last year, Dr Abdul Rezzas Abdul Meguid, the deputy prime minister for the economy, stated that no more deals of the Chloride type would be taken place. He denied charges by union leaders that the public sector was being "sold off".

For Chloride, the affair has been a frustrating waste of time and effort. "We have just spent three years of negotiations to build ourselves established, and now we find ourselves involved in civil litigation at our own expense," says Mr Cameron, "even though no illegality had taken place, we had to go to a lot of trouble to prepare a proper defence".

Not has the path for Chloride Egypt been smooth in other directions. Allocated a place on an "industrial estate" on the desert road to Alexandria, the company has found itself entirely responsible for providing infrastructure.

"We have had to build our own road to our site," says Mr Cameron. "We are having to pay for the electricity to be supplied from the distribution station, and we are having to build the distribution station for the electricity authorities."

"We are now having to lay our own four-kilometre pipeline for water, and we are having to put in our own sewage disposal units. There are no plans for laying cables, no telephone and no plans for telephone lines."

Kate Finch

Raising the roof over rates

Patricia Tisdall

The CBI calculates that rates payments have grown from 9.7 per cent of gross profits in 1973 to 11.3 per cent by 1977. For this financial year it is estimated by Professor Foster of the London School of Economics that this proportion is in the region of 35 per cent.

Businessmen feel that rates are an unfair local tax because they have no democratic control over what they pay or how the money is spent. While some local government services such as roads, planning, education and housing are vital to business, others like parks and personal social services are less important. Unless they live in the same area as they work, business ratepayers have no vote in local elections and so do not have the normal channels through which to express their views.

The problem is that the CBI at least does not think that any of the various alternatives suggested so far (including the replacement of domestic rates by a local income tax as proposed by Mr Gerald Kaufman, the Opposition spokesman on the environment, at the week-end) would be any improvement.

Not that Mr Rigby or the confederation have been idle. There has been much activity on two fronts during the past year. At the local level individual employers are being urged to apply self help by involving themselves in the affairs of their local councils—encouraging employees to stand as councillors by scrutinizing local authority accounts and expenditure plans; relating the cost of rates to jobs, prices or other specific yardsticks and generally joining in a constructive dialogue with their town halls.

At national level, there is more or less continuous toing and froting between the CBI and Mr Michael Heseltine, the Secretary of State for the Environment and his departmental officials. Some small encouragement is drawn by three specific measures designed to help business ratepayers which were introduced in the 1980 Local

Government, Planning and Land Act. These gave business ratepayers the right to pay by instalments, reduced the maximum which could be levied on empty premises, and suspended the mandatory surcharge on unused commercial property which was introduced by the 1974 Local Government Act.

More important, Mr Rigby thinks, is the obligation now placed on local authorities to start producing information in a form which will enable comparisons to be made more easily between the performance of different local authorities. The next step will be the production of definitions of the standard of service provided, so that "people can choose whether to have a Rolls-Royce standard in some services and pay accordingly".

This comparative information should start to be published next year. But everyone concerned, particularly the Department of Environment officials (who are said to be "appalled" at the prospect of having to draw up the definition) agree that there are problems in defining standards of service.

"I really would not expect dramatic results in only a year," Mr Rigby says with resignation. Nevertheless, he considers that some definitions must have already been worked out by Department of Environment officials in order for the new system of block grants to have been introduced. Improved quantification and evaluation of services is also taking place as more councils consider using outside contractors and start weighing up tenders on a value for money basis.

As far as the immediate future is concerned the CBI, as well as the chambers of commerce and other business representatives, are pressing for an upper limit on business rates to protect their members from excessive local authority spending and "for 'mothballing relief', which would exclude business property which is temporarily out of commission from liability for rates, as a modest stop gap.

Business Diary: Mars bringer of lore • Moneysyllabic

Managers, beware—another kind of "ologist" is moving in to tell you your business.

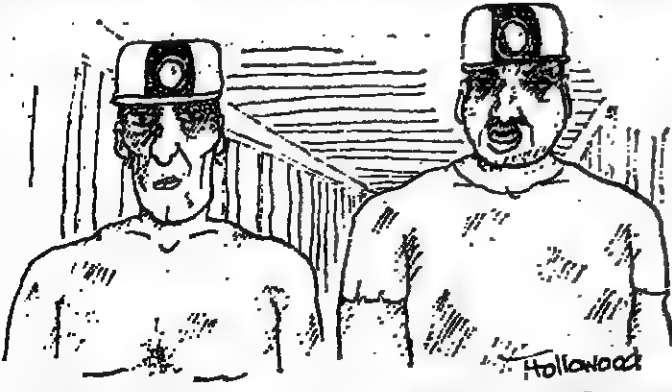
He is Gerald Mars, an anthropologist at the Middlesex Poly, who has written what could be a seminal article for Rain, the wretched of the Royal Anthropological Institute.

Mars's article, entitled "The anthropology of Managers", says there is not any such thing as a manager, although there could be because managers are so thick that they need to be put right, and secondly, cause this "virgin field" for "the greatest opportunity" for the employment of anthropologists.

The main drawback, however, is not the intransigence of managers, but that anthropologists themselves are too dim to see "ethnocentric" as the main chance.

Mars illustrates his article with examples of management's "ethnocentricity". He cites (unperceived by all save saing anthropologists) between the failure of a piece-work scheme and the sex life of factory girls in the north of England and of a warehouse women promotion scheme in Haring Town, London, which ended because it upset the men's system for distributing men goods.

By some stroke of management, good or otherwise, the Royal Anthropological Institute now offering up "back numbers" of Rain.



"With stocks as they are how many years would a coal strike have to last?"

The Prime Minister's repeated assertions that her Government will not have recourse to the printing presses to finance higher public spending—likely to be reiterated when the money supply figures come out on Thursday—must be a continual source of puzzlement to the 2,000 workers at the Bank of England's printing works at Loughborough, Essex.

There, every day, they print about eight million crisp banknotes—worth about £30m—to be checked, bundled and wrapped (appropriately on an adapted bread-wrapping machine), and sent out for eventual distribution by the commercial banks.

Not surprisingly £1 notes have a busy but brief existence—less than a year on average—before becoming too dirty and dog-eared to use, though larger denomination notes last rather longer. This means that the Bank of England scraps nearly

as many notes as it prints. With about 34 notes for each head of the population circulating at any one time, the Bank has to scrap and print 30 of these every year just to keep the circulation constant.

What then does Mrs Thatcher mean by "printing money"? She is in fact talking about government borrowing from the banks. If the Government cannot borrow enough from the non-bank public, by way of gilt-edged stock or national savings, for example, it can continue to write out cheques to pay for its spending in the normal way. These cheques get deposited with the recipients' banks, who turn to the Bank of England for payment.

Instead of bouncing the cheques, the Bank pays them with government IOUs such as Treasury bills and government stocks. "Printing money" thus means selling more government debt to the banks, not less issuing more orders and fivers.

Sir Kenneth Corfield, chairman and chief executive of ITT's Standard Telephones and Cables, now heads the short list for the chairmanship of the Government's projected Engineering Council, seen as the new watchdog body for engineering following the publication of the Finlinton report on our manufacturing ills.

He has displaced from pole position names like Lord Caldecote of Delta Metal and Sir Robert Clymoun of the General Electric Company.

Sir Kenneth is one engineer who successfully crossed the divide into management and has a reputation as a hard-nosed realist.

Engineering institutions, as ever, are still agonizing over how far to support the new council and the question is how far Sir Keith Joseph, the Industry Secretary, will go in allowing the council's charter to be watered down.

Sir Kenneth, who is a fellow of engineering, is unlikely to want to take over an organization which, as somebody remarked recently, could so easily turn into a seized-up lawyer rather than the massive "engine for change" called for by Sir Monty Finlinton. But if he takes the job it should indicate that he has Sir Keith's backing in turning the new council into a power in the land.

Although Sir Kenneth has a strong clear of politics he is no stranger to the Whitehall corridors, particularly in his work with the National Economic Development Office for which he produced a paper, before Sir Monty's report, examining engineers who chose to leave rather than products that would sell.



The Institute of Trade Mark Agents, the people who stop you pinching other people's names—or their pinching yours—celebrates its 40th anniversary in 1984.

By then, however, it may have to have put up with a very almost as long-running as the wartime radio comedy programme of the same name.

This is the question of whether the institute, which has 800 members, should or should not merge with the older-established Chartered Institute of Patent Agents.

It has been dragging on for 10 years, and Keith Havelock, IMA president, the leader of the pro-merger faction, tells me it is going to be a close thing.

He says the merger would enhance the standing of trade mark agents. A younger element says the same could be achieved by an autonomous but more lively IMA council. There is to be a final showdown in London today, followed by the issue of voting papers and a decision in April perhaps.

Ross Davies

INVESTORS CAPITAL TRUST LIMITED

Annual Report for the year to 30th November 1980

Total assets rose from £75m. to £103m. Net assets per share reached a new high of 145p — an increase of 47%.

The investments are widely spread in the U.K., U.S.A., Japan and elsewhere and have outperformed the local market indices.

Earnings rose by 19% and the total regular Dividend to Shareholders will show a 22% increase (if non-recurring items in 1979 are excluded).

Our policy is to invest internationally for capital growth. Our income is expected to rise in line with the growth in value of our investments. It is the declared aim of the Company to increase the real value of our Shareholders' capital and income.

Copies of the Report may be obtained from the Secretary

INVESTORS CAPITAL TRUST LIMITED
9 CHARLOTTE SQUARE, EDINBURGH EH2 4DY
Telephone 031-225 4533

A member of The Association of Investment Trust Companies.

Commodities

Gold production rises in S Africa

Johannesburg, Feb. 16.—South African gold production rose to 53,733 kilos, or 1.3m ounces, in January from 52,716 kilos, or 1.3m ounces, in December. But it was still below the 56,239 kilos, or 1.31m ounces, produced in January last year, Chamber of Mines figures show.

Reuter.

LME metal stocks

Stocks in London Metal exchange official warehouses at the end of last week (all in tonnes, except silver, which is in tray ounces):

Copper fell 1,475 to 120,325; Zinc rose 195 to 6,460; Lead fell 3,975 to 56,825; Zinc fell 175 to 92,175.

Aluminium fell 2,500 to 47,925. Silver rose 12 to 3,954; Silver rose 20,000 to 25,579.

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Heavy tax payments during May, including stamp duty, contributed to conditions necessitated the provision of large-scale help by the authorities. Rates for fresh secured money held the area of 14-15 per cent throughout, with a slight rise in that range. There was a very large Revenue receipts over Exchequer expenditure, and the £100 m. tax was said to have substantially covered the expense of all major claims, including sterling, with 285 points, or 28.5 per cent, compared with 22,285 on the pound sterling. Trade-weighted sterling, however, continued to show stability of sterling against the dollar, with a slight rise to 103 on the opening. With Euro rates sharply higher, the pound sterling was said to be a reflection of another rise in United States interest rates.

	Market rates (% per annum)	Market rates (% close)		
New York	February 16	February 16	1 month	-3m
Montreal	22-60-70-80	22-60-70-80	-0.70-6.00 disc	2.85
London	22-60-70-80	22-60-70-80	0.77-6.00 disc	2.90
Brussels	20.50-61.70F	21.50-62F	13-3c prem	-3c
Copenhagen	15.44-56F	15.54-56F	100-600c prem	-3c
Frankfurt	15.44-56F	15.54-56F	100-600c prem	-3c
Lisbon	139.70-131.25F	139.70-131.25F	60-120c disc	-3c
Madrid	139.70-131.25F	139.70-131.25F	60-120c disc	-3c
Milan	22.67-23.01F	23.05-23.41F	6-8tr disc	0.10
Paris	22.67-23.01F	23.05-23.41F	100-600c prem	0.10
Geneva	22.67-23.01F	23.05-23.41F	100-600c prem	0.10
Stockholm	10.40-53F	10.40-53F	215-270tr disc	57.50
Tokyo	445-77F	445-77F	12-18tr prem	57.50
Osaka	445-77F	445-77F	12-18tr prem	57.50
Zurich	4.60-50F	4.61-52F	27-3c prem	60.00

Bank of Morgan England Guaranty Index Changes		Rates	
Sterling	102.5	France	1,654.5-1,656
U.S. dollar	103.2	Belgium	1,263.1-1,265.1
Canadian dollar	85.3	Netherlands	2,415.2-2,416.2
Schilling	103.2	Denmark	3,631.4-3,631.7
Belgian franc	106.5	West Germany	2,195.2-2,195.8
Danish krona	88.2	Portugal	57.55-58.1
Deutsche mark	96.2	Spain	85.52-85.5
Swiss franc	139.1	Italy	1,060-1,065
French franc	86.3	Norway	1,545.5-1,546.5
Lira	80.7	Sweden	1,724.0-1,719
			5,250.2-5,700

	ECU currency central rates	ECU currency against central	% change from base	% change from base	divergence limit plus/min
Belgian franc	20.7897	41.8214	+0.02	+0.06	1.53
Danish krone	16.4833	7.46303	+0.02	+0.06	1.53
German D-mark	2.48306	2.48306	+0.02	0.00	1.125
French franc	6.55958	4.11767	+0.02	+0.06	1.53
Dutch guilder	2.74322	2.82314	+0.05	-1.22	1.812
Irish punt	0.688201	0.700252	+0.02	+0.59	1.53
Italian lire	1.366	1.366	+0.02	0.00	1.125

Euro-\$ Deposits 1% calls, 10%-17% seven days, 17%-17% one month, 17%-18% three months, 18%-18% six months, 18%-18%.

The dollar made fresh gains at the expense of all major currencies, including sterling, which lost 245 points to close at 228.50, and the franc, which ended the day with \$2.5355 on Friday. The dollar's gains were due, however, to continued reflection of the Federal Reserve's policy of keeping the money supply at 105.5 billion dollars, and to the fact that after 10:35 on Friday and 10:30 at night, the dollar's bid and offer rates sharply higher, the dollar's value rose sharply. The dollar's renewed demand on export markets was also a factor. In the United States interest rates, Bundesbank rates and the rate of the Swiss franc were all higher, but the dollar's gains were not as great as over the holiday in the United States (Washington's birthday).

Since the dollar's gains were better than expected January trade figures showed, the dollar's value rose to a new high of 229.50, and the accounts surplus of \$377 million. The dollar's value rose to a new high of 229.50, and the accounts surplus of \$377 million. The dollar's value rose to a new high of 229.50, and the accounts surplus of \$377 million.

18	1 month	3 months	Australia	1,490-1,560
20	0.70-0.80c disc	2.95-3.00c disc	Bahrain	0.5470-0.6205
220	0.77-0.87c disc	3.35-3.00c disc	Bangkok	0.5470-0.6205
230	0.80-0.90c disc	3.35-3.00c disc	Brunei	0.5470-0.6205
240	1-1.3c prem	2c-30c prem	Ceylon	107.90-119.60
250	10-60c prem	20-60c prem	France	114.55-12.0885
260	25-10c	25-10c	Germany	not available
270	2-10c prem	2-30c prem	Hongkong	0.8175-0.8205
280	60c prem-12c disc	2c-30c prem	Kuwait	0.8175-0.8205
290	12-70c disc	14-20c disc	Malaysia	5.1350-5.6250
300	0-8c disc	14-20c disc	Manila	87.00-93.50
310	10-60c prem	20-30c disc	NZ & Zealand	2.8210-2.4419
320	20-10c	0-170c disc	Saudi Arabia	7.3125-7.3225
330	21b-270c disc	0-170c disc	Senegal	1.3015-1.7665
340	20-140c disc	87b-670c disc	South Africa	1.3015-1.7665
350	12-70c prem	87b-670c disc		
360	12-70c prem	87b-670c disc		
370	2-1c prem	6-30c prem		

Ireland	1.6545-1.6685	Bank of England N.I.R.14%	
Canada	1.2053-1.2055		
Netherlands	2.4415-2.4430	(Last changed 24/11/66)	
Belgium	1.84-1.86-17		
Switzerland	6.9385-6.9388	Clearing Bank Base Rate 14%	
West Germany	2.2485-2.2630		
Portugal	87.95-88.10	Discount Mini Loans	
Spain	83.62-88.87	Overnight: High	Low 12%
Italy	1046-1052		
France	3.3360-3.5400	Week Fixed: 14-12%	
Sweden	5.1840-5.1890	Treasury Bills (Rds)	
Norway	4.7250-4.7600	Sell US\$	
Denmark	4.65-4.67		
Finland	4.65-4.67		

[illegible]

Gold

Gold fixed: amt: 1487 (est ounce);
pn. 1490.35 close. 1490.50.
Sovereign (per call) 550-597
(522.75-524.75).
Sovereign (new): 512.4-126 (554.75-
55.75).

Interbank Market (%)

Overnight: Open 14-14 1/2	Close 14-14 1/2
1 month 14-14 1/2	3 month 14-14 1/2
1 month 14-14 1/2	9 month 14-14 1/2
1 month 14-14 1/2	12 month 14-14 1/2

First Class Finance House (Mkt. Rate%)

3 months 13%	6 months 13%
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Finance House Base Rate 15%

Markets

Australia	1.9466-1.9610
Bahrain	0.8473-0.8505
Finland	9.3359-9.3658
Greece	0.106-0.119
Hong Kong	12.0455-12.0685
Iran	not available
Kuwait	0.8173-0.8206
Malaysia	5.1330-5.1620
Mexico	0.79-0.83
New Zealand	3.2010-3.2410
Saudi Arabia	5.7237-5.7535
Singapore	4.7294-4.7336
South Africa	1.7035-1.7095

Bank of England M.R. 14%
(Last changed 24/11/88)
Clearing Banks Base Rate 14%
Discount Mkt Loans 5%
Overnight: High 14% Low 13%
Week Fixed: 14-13%
Treasury Bills (Dis 5%)
Buxton SELLER

Prime Bank Bills	3 months	4 months	6 months	12 months
2 months	12 $\frac{1}{2}$ -13 $\frac{1}{2}$	13 $\frac{1}{2}$ -14 $\frac{1}{2}$	14 $\frac{1}{2}$ -15 $\frac{1}{2}$	15 $\frac{1}{2}$ -16 $\frac{1}{2}$
3 months	12 $\frac{1}{2}$ -13 $\frac{1}{2}$	13 $\frac{1}{2}$ -14 $\frac{1}{2}$	14 $\frac{1}{2}$ -15 $\frac{1}{2}$	15 $\frac{1}{2}$ -16 $\frac{1}{2}$
4 months	12 $\frac{1}{2}$ -13 $\frac{1}{2}$	13 $\frac{1}{2}$ -14 $\frac{1}{2}$	14 $\frac{1}{2}$ -15 $\frac{1}{2}$	15 $\frac{1}{2}$ -16 $\frac{1}{2}$
6 months	12 $\frac{1}{2}$ -13 $\frac{1}{2}$	13 $\frac{1}{2}$ -14 $\frac{1}{2}$	14 $\frac{1}{2}$ -15 $\frac{1}{2}$	15 $\frac{1}{2}$ -16 $\frac{1}{2}$

Local Authority Bonds	3 months	4 months	6 months	12 months
1 month	12 $\frac{1}{2}$ -13 $\frac{1}{2}$	13 $\frac{1}{2}$ -14 $\frac{1}{2}$	14 $\frac{1}{2}$ -15 $\frac{1}{2}$	15 $\frac{1}{2}$ -16 $\frac{1}{2}$
2 months	12 $\frac{1}{2}$ -13 $\frac{1}{2}$	13 $\frac{1}{2}$ -14 $\frac{1}{2}$	14 $\frac{1}{2}$ -15 $\frac{1}{2}$	15 $\frac{1}{2}$ -16 $\frac{1}{2}$
3 months	12 $\frac{1}{2}$ -13 $\frac{1}{2}$	13 $\frac{1}{2}$ -14 $\frac{1}{2}$	14 $\frac{1}{2}$ -15 $\frac{1}{2}$	15 $\frac{1}{2}$ -16 $\frac{1}{2}$
4 months	12 $\frac{1}{2}$ -13 $\frac{1}{2}$	13 $\frac{1}{2}$ -14 $\frac{1}{2}$	14 $\frac{1}{2}$ -15 $\frac{1}{2}$	15 $\frac{1}{2}$ -16 $\frac{1}{2}$
5 months	12 $\frac{1}{2}$ -13 $\frac{1}{2}$	13 $\frac{1}{2}$ -14 $\frac{1}{2}$	14 $\frac{1}{2}$ -15 $\frac{1}{2}$	15 $\frac{1}{2}$ -16 $\frac{1}{2}$
6 months	12 $\frac{1}{2}$ -13 $\frac{1}{2}$	13 $\frac{1}{2}$ -14 $\frac{1}{2}$	14 $\frac{1}{2}$ -15 $\frac{1}{2}$	15 $\frac{1}{2}$ -16 $\frac{1}{2}$

Secondary Mkt. FCD Rates (%)	3 months	4 months	6 months	12 months
1 month	14-14 $\frac{1}{2}$	14 $\frac{1}{2}$ -15	15-15 $\frac{1}{2}$	15 $\frac{1}{2}$ -16
2 months	14-14 $\frac{1}{2}$	14 $\frac{1}{2}$ -15	15-15 $\frac{1}{2}$	15 $\frac{1}{2}$ -16
3 months	14-14 $\frac{1}{2}$	14 $\frac{1}{2}$ -15	15-15 $\frac{1}{2}$	15 $\frac{1}{2}$ -16

1 days	14-14	3 months	12-12
1 month	14-14	1 year	12-12

Interbank Market (%)

Overnight: Open 14-14	Close 14-14
1 week	14-14
1 month	14-14
3 months	12-12

First Class Finance House (Mkt. Rate %)

3 months	13-13
6 months	13-13

Finance House Base Rate 13%

By Michael Prest These two markets have not among them the controversial

By Michael Press

As the gold price obstinately resisted an early recovery, falling to \$350 yesterday, the \$485 an ounce in London, the committee of the London Gold Futures Market announced officially that the new contract would be traded in 100-ounce lots denominated in sterling.

At the same time, the European Options' Exchange, based in Amsterdam, announced its market would open on April 2, so signaling a lead over American markets anxious to launch gold options contracts.

The London Gold Futures Market is composed, formed by the Metal Market & Exchange and the London Gold Market. The former specializes in base metals, and the latter is the main market of which the five top-bullion dealers are members.

These two markets have not always seen eye-to-eye over the futures market, although the formation of a committee, the number said yesterday that all differences had been settled. But he said that the tentative signaling days of April 1 or May appeared optimistic.

The terms of the contract are: 100-ounce lots, the same as Comex in New York, delivered in London in sterling either as 100-ounce bars or 100,000 kilogramme bars of 995 parts fine. The trading period will be the current month and the next six months, trading at the London Metal Exchange.

Membership will be open to present ring dealing members of the LME and members of the London Gold Market. Each group of companies will be allowed only one seat. Other dealers remain to be settled.

clearing mechanism. The committee, to only six months ahead was agreed because the committee felt that longer-term contracts were seldom traded.

Dealing in the European Options Exchange will be priced in dollars, while the minimum contract will be 10 ounces. It will be the world's first gold Wall Street was closed yesterday for Washington's birthday.

futures options market, although applications have been made by American exchanges to the Commodity Trading Commission for permission to start similar contracts.

Traders on the Amsterdam exchange will be able to buy options for a maximum of three

manufacturer, rose to DM30, 700m (£5,140m) in 1980 from DM27,400m the year before, the company said yesterday.

Foreign sales rose by 17 per cent to DM16,900m.

The company said the improvement in sales and the

International

growth in interest earnings had helped to improve profits but it gave no details.

In December the company said it expected satisfactory 1980 profits after a 1979 group profit of DM657.8m in 1979.

the only West German car producer in 1980 to raise its domestic market share, which edged up to over 10 per cent from 9 per cent in 1979.

However, after an 8 per cent drop in overall car sales in West Germany last year, it is unlikely the trend will continue in 1981 owing to poor expectations for the economy. It is also possible additional burdens on the car sector during the year, Daimler said.

Sales, however, are expected to rise slightly to a record 3,350,000 yen from 3,300,000 year earlier.

Toyota said worldwide sales competition would become even fiercer during the year.

It expects total sales in 1980 to reach 3,330,000 yen, with 330,000 vehicles composed of 1.7m for export and 1.6m in domestic sales, compared with 1,790,000 and 1.49m respectively in 1979.

Toyota said the strengthening yen would hurt its export sales, but it expects a total of 10,000,000 yen.

Pioneer Electronic Corporation of Japan says it expects to report increased consolidated net income and sales for the business year to next September 30.

The group refused to give any definite figure because of uncertainties, including foreign exchange rate movements. Last year group net profits were \$30.6m. (\$40.3m) on sales of \$1,300m.

Although it anticipates difficult circumstances, such as economic situations in Japan and abroad and the continued yen appreciation, Pioneer should be able to improve business results because it plans to introduce a number of new audio products", the company said.

Profits for the first half of December 31, to \$7,200m yen from 65,000m yen, or 1,550m yen, 1974-75 year up from 1,850m yen the first half a year ago.

Profits before tax and special items fell by 21.1 per cent to 102,900m yen from 130,400m yen the previous year, while operating profit was 47.4 per cent lower at 55,700m yen.

Its interim dividend was unchanged at seven yen.

Authorized Units, Insurance & Offshore Funds

[illegible]

